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NEAR EAST/NORTH AFRICA REPORT

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JOINT LIBYA, PDRY COMMUNIQUE

Aden AL-THAWRI in Arabic 7 Mar 81 p 4

[Article: "Joint Communique On the Visit of Comrade Secretary General To the Libyan Jamahiriyah"]

[Text] At the invitation of Col Mu'ammarr al-Qadhafi, leader of the First of September revolution, Brother 'Ali Nasir Muhammad, secretary general of the Yemeni Socialist Party's Central Committee, chairman, Presidium, Supreme People's Council, and prime minister of the Peoples Democratic Republic of Yemen, paid an official visit to the Socialist People's Libyan Arab Jamahiriyah, from 20 to 21 February, 1981. This visit was in the context of meetings and discussions, which the leadership of the two countries are holding, confirms the brotherly bonds and common struggle joining them together, implements the brotherly relations existing between the two countries, and is in the service of their goals and interests, as well as in defense of the just issues of the Arab Nation, for the purpose of maintaining its integrity and achieving the hopes of its masses.

Col Mu'ammarr al-Qadhafi and Comrade 'Ali Nasir Muhammad held talks, in a brotherly and friendly atmosphere, dealing with bilateral relations, Arab issues, and new developments on the international scene. They expressed their satisfaction with the firm, brotherly relations existing between the two countries in all fields, and with the growth of cooperative relations, in accordance with agreements concluded between the two countries, which respond to the aspirations of the two peoples and achieve their goals for progress and prosperity. The two leaders underscored the expansion of fields of cooperation and the creation of sound methods to strengthen them, for the purpose of reaching the desired goals, and bolstering the bonds which join together the Yemeni and Libyan revolutions, and serve the highest interests of the Arab Nation.

When the situation in the Arab Nation was reviewed, the two parties agreed that the present stage, through which the Arab Nation is passing, is the most perilous stage of its life, in struggling against imperialism, Zionism and reactionism. They emphasized the need to continue the struggle against the Camp David accords. They also expressed their full support, and offered full assistance to victory for the just cause of the Palestinian people, especially their right to return, self-determination, and establishment of their independent state on all their national soil, under the leadership of the Palestine Liberation Organization, their legal and sole representative. In this regard, the two sides stressed the need to strengthen the role of the pan-Arab Front for Steadfastness and Resistance, and to develop

aggressive relations among its members. They also emphasized their support for the Arab People's Conference, and thus to strengthen Arab solidarity, hostile to imperialism and Zionism. The two parties agreed on the importance of holding a Steadfastness and Resistance Front summit as soon as possible. The two sides also emphasized the importance of stimulating and mobilizing the capabilities of the pan-Arab and Arab liberation movements, and strengthening alliances among their various groups, in order to resist the vicious imperialist, Zionist attacks, and strive to eliminate the American, aggressive military bases in Egypt, Oman and Somalia. The two parties fully support the struggle of the Egyptian people and their national, progressive forces to overthrow the agent Sadat's regime, as well as the Omani people's struggle, led by the Popular Front for the Liberation of Oman, to establish a national regime there, which could share in the fateful battles of the Arab Nation, and be in the forefront of the armed struggle to liberate occupied Arab lands, and the complete triumph of the Palestinian cause.

The two sides harshly condemned the holding of joint American military maneuvers in both Oman and Egypt, by virtue of the fact that they constitute a grave threat to the independence and sovereignty of the Arab countries.

Col Mu'ammarr al-Qadhafi expressed his support for Brother 'Ali Nasir Muhammad's initiative to hold a summit conference of the Gulf, Arabian Peninsula and African Horn nations, to discuss eliminating foreign military bases, considering this initiative to be a positive step toward achieving security and independence in the region.

The two parties also dealt with the situation in Lebanon. They expressed their solidarity with Lebanon, and underscored their anxiety for its national independence, sovereignty, and territorial unity, threatened by the Zionist enemy.

They also stressed that they stood by Syria's side to thwart the internal and external plots, which are targeted at its steadfastness. The two parties also expressed their extreme anxiety regarding the situation in the Western Sahara, stemming from the Moroccan military occupation. They renewed their support for and solidarity with the Sahraoui people's struggle, led by their legal and sole representative, the Polisario Front, in pursuit of their right to self-determination and independence.

Col Mu'ammarr al-Qadhafi and Chairman 'Ali Nasir Muhammad saluted the fifth anniversary of the foundation of the Arab Sahraoui Democratic Front. Both sides support the Soviet Union's initiative, as announced by Chairman Leonid Brezhnev in India, which included an appeal to clear the Gulf region and Indian Ocean of foreign military presences, and not to embolden them in alliances and activities leading to breaches of security and peace therein.

The two sides declared their pride in the Ethiopian people's stance at the side of the Arab people's struggle, and stressed their solidarity with the Ethiopian revolution. The two parties called for the need for coordination and cooperation between the pan-Arab Front for Steadfastness and Resistance and the Arab people, and the Ethiopian revolution, to strengthen the liberation struggle against Zionism, racism and imperialism.

The two sides expressed their serious concern at the attempts being made by the imperialist and reactionary forces to divide the African nations, aggravate the situation in Africa, and impede the effectiveness of the Organization of African Unity. They condemned these attempts, and any direct or indirect interference, by these forces, in the internal affairs of the independent African nations.

In this regard, the two sides urged these imperialist, reactionary forces to cease their overt interference in African affairs, not only because they constitute a violation of the OAS and UN charters, but also constitute a maneuver aimed at impeding the great progress which the OAS has achieved during the last 18 years, in solving African problems within the African framework.

With respect to this, the two parties condemned the overt Franco-American interference in African affairs. They also emphasized their support for the legal government of the National Federation in Chad, led by Goukouni Weddeye. They stressed their condemnation for the imperialist, reactionary forces, which are attempting to impair the victories achieved by the Chadian people, and warn those nations of the consequence of launching any attack against the Republic of Chad. The two sides also underscored, once again, their complete support for the national liberation movements in South Africa, and at the same time, condemned racist South Africa and its imperialist allies, because of the failure of the Geneva talks. They strongly demanded an end to the illegal occupation of Namibia, withdrawal of the racist South African regime's forces, in compliance with the UN resolution in that regard, and attainment of true independence for the country, under the leadership of the South West African People's Movement (SWAPO), the sole, legal representative of the Namibian people. The two sides expressed their solidarity and obligation to assist the people of South West Africa in their struggle to put an end to the repugnant, racist regime, based on racial discrimination.

They called on all nations to apply the UN resolutions regarding boycotting this regime. They also condemned the constant cooperation between Western nations and the racist regime in South Africa, especially in the nuclear field, which constitutes a grave threat to the security and peace of Africa and the entire world. They also condemned the South African racist regime for its repeated attacks against Angola, Mozambique and other African nations.

While reviewing the international situation, the two parties viewed with alarm the American policy, aimed at increasing the level of international tension, returning to the cold war climate, escalating the arms race, and thwarting the independence of a great number of peoples. They underscored the need for peaceful coexistence in international relations, in order to resolve the disputes by peaceful means, and for respect for sovereignty and non-intervention in internal affairs. They expressed their condemnation for the new American policy, based on stopping peoples' struggles for their freedom, by terrorist methods. They stressed their firm resolve to continue to support national liberation movements to obtain their complete goals of liberation and social progress. The two parties consider the United States of America, and its military intelligence apparatus, to be practicing terrorist activities on the international scene.

They also re-emphasized their commitment to the principles and goals of the non-aligned movement, on behalf of its active participation as an important factor to

strengthen international security and peace, assist in resolving problems faced by the international community, and to establish a new, world economic system, which will be more equitable and will ensure that the developing peoples control their economic capabilities, in order to achieve their economic and social growth.

Brother 'Ali Nasir Muhammad, secretary general of the Yemeni Socialist Party's Central Committee, chairman, Presidium, Supreme People's Council, and prime minister, declared that the people of the PDRY stand squarely beside the people of the Socialist People's Libyan Arab Jamahiriyah, against all imperialist, reactionary provocations and conspiracies.

Brother Mu'ammarr al-Qadhafi, leader of the glorious First September revolution, stressed the Socialist People's Libyan Arab Jamahiriyah's continued offer of support and assistance to the PDRY people in building their new life, confronting all forms of imperialist, reactionary plots and threats, and on behalf of achieving unity for a divided Yemen, by peaceful, democratic means.

Brother Mu'ammarr al-Qadhafi praised the efforts that the PDRY has made and is making in this direction. The two sides also expressed their satisfaction with the positive results achieved during this visit, and stressed the importance of continued meetings between the political leaderships in the two countries.

Chairman 'Ali Nasir Muhammad expressed his extreme gratitude and appreciation for the brotherly welcome which he, and his accompanying delegation, received during this visit.

He also invited Col Mu'ammarr al-Qadhafi, leader of the glorious First September revolution, to visit the PDRY; the invitation was accepted gratefully, and a date will be set later.

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ROLE OF ARABS IN INTERNATIONAL BANKING DISCUSSED

London 8 DAYS in English 28 Mar 81 pp 6-17

[Text] THE TOP 25 most active Arab banks throughout 1979-1980 were selected according to the overall value of euroloans in which they engaged in order to highlight their international recycling role. Unlike the London-based Euromoney group, which apportions the value of euroloans according to each bank's lead management responsibilities and to the number of heads (that is, three lead managers for a loan of \$100m would get \$33.3m each), each bank here is assigned the full value of the loans it engaged in whatever its responsibilities were.

Naturally, this doesn't show how much Arab institutions really contributed to each loan, but it does help to unmask the rate of participation to redeployment transactions. For instance, the London-published Caploan newsletter attributed 20 mandates to Gulf International Bank as lead manager in 1980, ranking it first among Arab banks. However, Saudi International Bank claims that it was part of 24 different lead management groups — but still didn't make Caploan's list of the world's 50 leading banks on the

eurocredit market.

Our procedure was to assign points. Thus: four points for a lead manager position, three for a manager or co-manager, and one for simple participation. The role of agent — coordinating loan disbursements and keeping in close touch with the borrower — provides one additional point, except when a bank is already lead manager and thus earns half a point. Finally, the number of deals is an important indication of how exposed an institution is. The overall figures are still preliminary.

A useful reference table is that outlining the total equity (paid-up capital, reserves, reinvested profits and subordinated loans) together with the total assets for 1980. Many of those figures were provided unaudited.

'TO BE — or how to be' is the most controversial issue now being debated among top Middle Eastern and western circles on the future of over 50 major Arab financial institutions with an international scope. The Arab banking network is growing at the spectacular rate of 25 to 40 per cent a year in terms of assets, and it has taken on a huge role in petromoney recycling during the second oil price boom in a decade. But in two to three years, the true profile of this multibillion-dollar industry will emerge with as yet unpredictable effects for the world capital

markets. The structure of the banking industry will become more Arabised under the influence of Opec's leading capital exporting countries — Saudi Arabia, Kuwait, Iraq, the United Arab Emirates and Libya. The transitional era of mushroom growth in mixed banking consortia, which tie Arab equity to either American, European or Japanese interests, will end, leaving more room at the top for exclusively Arab-controlled institutions.

On the list compiled by *8 Days*, of the 25 most active Arab banks last year on the euromarkets, 11 were part of these mixed consortia (two more than in 1979) while only four were wholly-owned Arab consortia. The rest were more traditional banks. Yet, aside from the Algerian-Libyan Paris-based venture of Banque Intercontinentale Arabe, three Arab bankers banks registered the fastest growth in building up their euroloan portfolio through 1980. They are Gulf International Bank (GIB), held by six states from the Arabian Peninsula plus Iraq, the Arab Banking Corporation (ABC), held by Libya, Kuwait and Abu Dhabi, and Al Bahrain Arab African Bank (Al Baab), held mainly by Kuwait and Egypt.

This means that the purely western-controlled recycling process run by OECD banks until 1976, and the 'bridging consortia system' phase of the next five years, will be followed by more exclusively managed forms of surplus redeployment.

The bridging structure was, with its mixed equity, an important breakthrough in setting up permanent recycling infrastructures. However, the experience is now proving to be difficult to manage among so many shareholders with different backgrounds and aims.

The most difficult case is undoubtedly that of Frab Bank International. Frab was the first such major consortium, established in Paris in 1969 with over twenty participants from Japan, Europe, North Africa and the Gulf. 'We simply failed to grow as fast as expected, due to more serious differences between Arab and European partners than in other consortia — and to bad management,' claims Roger Tamraz, one of its directors and the biggest shareholder of First Arabian Corporation. 'I think we don't need partners anymore.'

Mixed consortia serve not only as capital bridges but also as shock-absorbers from time to time. A hot issue was the case of

Egypt in the wake of its peace treaty with Israel. 'Against the will of most of our Arab partners,' reveals a UBAF shareholder, 'we insisted on maintaining the status quo to prevent a recall of loans before maturity.' Last year, the American associate of UBAF helped in funding a loan of \$12.5m to El Shams Pyramid Company.

A more recent debate occurred when Korean contractors were in search of performance guarantees. Since there is still a lot of confusion about quotas applied by the Libyan authorities on the maximum

facilities that foreign banks are allowed to issue, the Koreans called in French banks to share in the pool. But because of the political row between France and Libya over Chad, mixed Arab consortia were used by French institutions to mask their involvement.

Two important factors are emerging. First, Arab shareholders of the early or mid-1970s have changed and now know better what they are after. Sonatrach, the Algerian national oil and gas company which was first introduced to the euromarket by UBAF, no longer needs mixed consortia to tap the world markets. On the other hand, many smaller joint ventures set up for specific purposes now seem to take *Small Is Beautiful* as their watchword.

The changing psychology of Gulf investors, who are switching an increasing share of their cash surplus abroad under more competitive and lower-yield conditions, is giving rise to a new generation of investment vehicles. Traditional equity, commodity and bond funds — such as those set up by international Arab banks or the newly created Gulf Investment Company, as well as established conservative Lebanese merchant banks with their Paris window — are indeed threatened by more aggressive managers seeking new creative outlets around the world.

This phenomenon is surfacing through 'investment bankers' such as Arab International Investment Limited (London), which simply withdrew from the less profitable eurobond market to set up more profitable ventures, through Roger Azzar SA (Paris), which was founded by a former pillar of the BAII consortium, through Al Rajhi Company for Islamic Investments Limited (London) acting for the heavyweight moneychangers Al Rajhi in Saudi Arabia, and even through the London brokerage house of Rowe Rudd converting into a British-Arab merchant

The top 25 most active Arab banks on the euromarket (1979-1980)

Institutions (in descending order of euroloan involvement)	1980 euroloan involvement (in \$m)	Share of Arab involvement (per cent)	Number of points	Number of loans
1 UBAF	14,656 (10,002)*	36 (37)*	191.5 (157)*	116 (122)
2 Gulf International Bank	11,386 (4,406)	30 (16)	144 (62)	54 (30)
3 KIC	9,914 (6,670)	26 (24)	171 (138)	141 (112)
4 KFTCIC	9,571 (6,222)	25 (30)	162 (154)	130 (116)
5 KIC	9,347 (5,917)	24 (22)	143 (114)	119 (92)
6 Saudi International Bank	7,463 (3,656)	19 (13)	83 (21)	32 (13)
7 SAB	7,369 (6,031)	19 (22)	111 (116)	85 (94)
8 Al Ahli Bank	6,939 (6,175)	18 (23)	97 (117)	93 (101)
9 Abu Dhabi Investment Company	5,421 (6,994)	14 (26)	88 (138)	74 (100)
10 European Arab Bank	4,973 (3,691)	13 (14)	88 (48)	43 (26)
11 National Bank of Abu Dhabi	4,718 (4,147)	12 (16)	83 (96)	64 (73)
12 National Commercial Bank (Saudi Arabia)	4,673 (3,580)	12 (13)	74.5 (81)	40 (56)
13 Gulf Riyad Bank	3,940 (1,141)	10 (4)	48 (42)	20 (20)
14 Arab Bank	3,898 (-)	10 (-)	39 (-)	22 (-)
15 Arab Banking Corporation	3,006 (-)	8 (-)	43 (-)	16 (-)
16 UBAN Arab-Japanese Finance Ltd	2,929 (3,990)	8 (15)	23 (39)	23 (37)
17 National Bank of Kuwait	2,867 (2,851)	8 (10)	56 (83)	31 (51)
18 Industrial Bank of Kuwait	2,339 (1,812)	6 (7)	28 (27)	18 (27)
19 Banque Inter-continentale Arabe	2,221 (2,402)	6 (9)	22 (34)	16 (21)
20 Allied Arab Bank	2,081 (-)	5 (-)	20 (-)	14 (-)
21 UBAE Italian-German	1,909 (2,289)	5 (8)	18 (25)	18 (21)
22 Arabbank	1,762 (-)	5 (-)	49.5 (-)	2
23 Al Raab	1,719 (-)	4 (-)	44 (-)	24 (-)
24 Al Saudi Bank	1,515 (1,247)	4 (-)	21 (26)	15 (22)
25 First Bank International	1,510 (-)	4 (-)	17 (-)	8 (-)

*Figures in brackets throughout are for 1979

bank with the plan of setting up joint ventures around the world.

This new stream is a response to a significant lowering of Gulf investors' yield expectations as a result of investment opportunity saturation at home — there is, after all, a limit to apartment buildings — and a growing sense of political insecurity.

Rich second-class families — not the top families, they are multinationals on their own — would have never listened to an 8-12 per cent yield proposition two years

ago,' says the head of a major North American brokerage house, 'simply because they could still double their capital within three years on the home front. But since 1980 they have been open to all sorts of typical western yields.'

Used to funneling 80 per cent of their incremental surplus into the domestic market, with the leftovers earmarked for villas, flats and equity abroad, these investors are now transferring 40 per cent of their surplus outside the Peninsula, and the overall breakdown is even edging towards the 50-50 balance.

Arab portfolio managers are getting more insight than ever into downstream recycling operations, because they are tackling a much wider range of deployment outlets — both for private and public investors. These range from the Banque Arabe et Internationale d'Investissement (a French-Arab consortium), which had a turnover of over \$6bn last year for its commodity transactions (including crude oil) and franchising investment funds, to direct real estate development.

In contrast to their passive role only a few years ago, limiting their involvement to setting up banks which merely upgraded earlier practices of keeping their cash close to hand, Arabs are creating their own outlets as a prompt answer to more specific needs. They no longer simply 'buy' into energy funds, they go straight into exploration and oil land transactions, as Roger Azar did in Texas.

'We were the first from the Middle East to buy a Texas firm,' Azar told *8 Days* in his Paris office. 'What we need to do is acquire real assets. I've always said so.'

Besides being involved in agribusiness, Azar is also in partnership with cereals trader Continental Grain in the first Middle East venture of its kind. For its part, Arab International Investment this year created the first Arab property fund, United American Properties, to acquire and develop real estate in the American sunbelt area. Another first by the same company was to set up last year the Arab Leasing Company, the sole venture of its kind along the Arabian Peninsula.

Banks are no more just safe deposits. They act instead as logistic bases to attain different goals — such as the newly created Kuwait-Asian Bank, which is geared to win a greater share of the booming trade financing between the Gulf and the Far East.

Streamlining investment projects is a new aim. 'We can't just go on and on adding zeros to our balance sheets merely for the sake of spinning off petrodollars around the world. We are not simply conduits, but institutions. We must act as real bankers and investment advisers,' said Andreas Prindl, a man from Morgan Guaranty Trust who is now executive director of Saudi

International Bank. This is a mixed consortium which is controlled 50 per cent by the Saudi Arabian Monetary Agency (SAMA).

Prindl's critical view sums up what is now happening in the Arab banking network. From twelfth position in the top 25 most active Arab banks in 1979, Saudi International Bank (SIB) moved swiftly up to sixth last year by doubling its euroloan portfolio under more aggressive instructions from SAMA.

Aside from being the biggest 'weight lifter' of all Arab institutions, by capturing loan participations over twice the average size of its Arab competitors (see the accompanying table), SIB's capital will have more than doubled between 1979 and 1981 to exceed \$200m.

Such rapid growth typifies the boom experienced by these 25 most active Arab banks. Their combined shareholders' capital has rocketed from a total of \$2.5bn in 1979 to well over \$4bn by the end of 1981. Thus, for each dollar invested by shareholders, either private or public, those institutions can attract an average of \$20 of loan. This means a potential of \$84bn worth of assets by the turn of the year.

No other group of banks around the world has been able to achieve such an outstanding performance over the same period, either because they lacked capital or because overall loan quotas applied to each

borrowing country had been reached.

In plain words, Arab banks were among the very few remaining players enjoying enough portfolio room to increase their penetration of the euromarket game last year. Others, especially Germans and Japanese, had to undergo a period of recession.

Among other Arab institutions virtually doubling their capital base, or stretching their equity-asset multiplier over the period 1979-81, are Kuwait Foreign Trading, Contracting and Investment Company (KFTCIC), GIB, the Industrial Bank of Kuwait, Al Saudi Bank (a mixed European-Arab consortium based in Paris), Arabbank (an Arab-Latin American consortium operating from Peru), and Al Baah.

The National Bank of Abu Dhabi is planning to triple its paid-up capital, and the year-old Arab Banking Corporation — which really started in May 1980 — should push up its own equity by a further \$350m. Significantly, aside from Al Uba, BAH and UBAE (expected to boost their total equity by 40-60 per cent over the same timespan), no other mixed consortium is planning to enlarge its capital base at the same rate.

Two years ago, Arab financial institutions were picking up only one out of four syndicated euroloans. Last year the ratio nearly doubled, and could even exceed one out of two during 1981, simply because of a combination of three factors: a new international drive to find outlets (the National Commercial Bank of Saudi Arabia opened its first branch abroad in 1979 in Bahrain), the increase of basic equity, and the stretching of the capital-asset ratio coefficient.

Last year, Arab banks and consortia engaged in close to \$40bn worth of loans and facilities to governments, companies and multinational organisations on the euromarkets. This was 45 per cent more than during 1979, and most of it was via the 'top 25'. The achievement is all the more remarkable since the total value of all euroloans in fact shrank from about \$100bn in 1979 to \$89bn last year, according to preliminary figures.

Among the league of the fifty most active euroloan managers, three consortia — GIB, Al Uba and the Arab Banking Corporation (ABC) — initiated over fifty multimillion dollar syndicated transactions. The Saudi International Bank is expected to join this select club this year.

This record is striking, since KFTCIC was the first Arab bank to become a lead

manager as recently as 1976. At that time institutions such as the Abu Dhabi Investment Company (majority-owned by the Abu Dhabi Investment Authority in charge of deploying the emirate's surpluses), Arabank (a distant member of the Al UBAF family), Allied Arab Bank (a London mixed consortium under the aegis of Barclays), ABC, Al Raab and the Gulf Riyad Bank didn't even exist.

Except for the veterans like the Arab Bank from Jordan (a Palestinian stronghold set up in 1930) or the National Commercial Bank of Saudi Arabia (NCB), the kingdom's biggest bank which was founded in 1938, the other top 25 Arab banks have an average age of only eight years.

In fact, 13 of the 25 have been in existence for eight years or less and have only four years of experience on the curiomarkets. They are assuming a greater and more active management role under the drive of men like Abdullah al Mazrui (National Bank of Abu Dhabi), Khaled al Fayed (GIB) and Abdullah al Saudi (ABC). Moreover, Arab institutions are also closing ranks and getting more exclusive, as was witnessed last December through all, or nearly all, Arab loans extended to the National Bank of Greece and the Islamic Republic of Pakistan.

The structure of their recycling operations is also changing dramatically. It heralds much fiercer competition in the years to come on world markets to attract petromoney. With \$400bn in outstanding Opec external assets by the end of 1981 (two thirds of which are held by Saudi Arabia, Kuwait and Abu Dhabi, and nearly half of the total deployed in bank deposits), Arab banks are still playing second fiddle to major OECD financial institutions — but not for long.

Only 11 out of the 25 top Arab banks are in fact direct and active deposit-taking institutions from capital-exporting oil countries. Out of 103 foreign banks officially accredited to deal with the almighty SAMA since the summer of 1979, either as deposit recipients or providers of guarantees, only two apart from SIB are in fact non-Saudi Arab banks. These are Gulf International and the National Bank of Kuwait.

The NCB of Saudi Arabia is naturally accredited, together with other home banks. Kuwait and Abu Dhabi apply the same rule to their respective seven top institutions that figure in the 'list of 25'. Yet the phenomenon is so recent that most

banks must still seek the majority of their funding for day-to-day operations from the cash-rich interbank market. This is in effect a pool of capital made up of short-term cash held by international commercial banks.

Accredited or not by SAMA, SIB has to dip into the interbank basket to finance half of its transactions. ABC, according to inside sources, gets over 80 per cent of its deposits from the same market. Despite its world stature with a network of seven separate institutions, even the Al UBAF group must go through the same exercise for most of its funding.

Except for a number of home banks, a special case — though surprising to many bankers — is that of Gulf International. Dr Walid Niaz, its London-based vice president, told *8 Days* that most of its funding or deposits came straight from capital-exporting oil countries. In other words, the biggest chunk of petrodollars are still channelled through the industrial world's banks which have a larger capital base, a wider spectrum of investment outlets, and the safer havens for quiet deployment.

A prominent American-trained Arab financier who has now switched from commercial to merchant banking endorses this policy. 'If I were heading a Middle East central bank,' he told *8 Days*, 'I would never think of lending my funds to those new institutions until they had done their homework. It will take years before they reach the required maturity.' Yet the same London-based banker adds that, in fact, mature OECD banks are currently incapable of absorbing the latest petromoney burst.

This opinion is shared by a number of western bankers, who admit that they had to lower their bids on the interbank market since last summer to curb the flow of petromoney in their coffers.

Such heavy dependence on the interbank market causes a serious chicken-and-egg dilemma for Arab banks. Dipping into the interbank basket costs more than getting funds directly from petrodollar earners, since a profit slice must go to middlemen OECD banks before the original oil money can be recaptured.

Such a process, in turn, lowers the profit margins of Arab banks just as if their management were less efficient than western or Japanese banks — and therefore tends to confirm the impression that Middle East central bankers are right in giving

The top 25 Arab banks: their 1980 performance and their prospects for 1981

Banks (in descending order of 1980 European involvement)	Performance in 1980 (all figures converted to \$m)		Prospects for 1981 (equity increase or asset growth)
	Total equity	Total assets*	
1 UBAF (France)	\$111	\$5,020	Equity up by 50 per cent
2 Gulf International Bank	\$125	\$2,893	Equity up by 60 per cent
3 KBC	\$96.1	\$519.8	Equity increase and growth of 20 per cent
4 KFTCIC	\$197	\$1,124	Equity up by 31 per cent
5 KIC	\$85	\$848	Not available
6 Saudi International Bank	\$144	\$2,940	Equity up by 42 per cent
7 BAI	\$115	\$2,750	Growth of 15 per cent
8 Al Ahli Bank	\$217	\$3,757	Slower growth
9 Abu Dhabi Investment Company	\$36.1	\$567.2	Growth of 12.4 per cent
10 European Arab Bank (group)	\$84	\$1,949	Growth of 15 per cent
11 National Bank of Abu Dhabi	\$271	\$5,122	Auth. capital up by 400 per cent
12 National Commercial Bank (Saudi Arabia)	\$450	\$14,848	Planned increase of total equity
13 Gulf Riyad Bank	\$38.2	\$825	Not available
14 Arab Bank	\$230.3	\$4,950	Not available
15 Arab Banking Corporation	\$375	\$2,312	Equity up by 100 per cent
16 UBAN Arab-Japanese Finance Limited	\$23	N/A	Not available
17 National Bank of Kuwait	\$297	\$6,543	Not available
18 Industrial Bank of Kuwait	\$86	\$1,597	Equity up by 25 per cent
19 Banque Intercontinentale Arabe	\$37	\$1,600	Planned increase of total equity
20 Allied Arab Bank	\$37.2	\$489	Growth of 47 per cent
21 UBAE Italian	\$27.2	\$1,054	Equity up by 19 per cent
22 Arabbank	\$114	\$1,524	Equity up by 75 per cent
23 Al Baab	\$40	\$796	Equity up by 50 per cent
24 Al Saudi Bank	\$36	\$821	Equity up by 33 per cent
25 Fraib Bank International	\$20	\$1,015	Not available
Totals and prospects	\$3.3bn	\$66bn	Over \$4.5bn in total equity and \$45bn in assets at end of 1981
Increase on 1979	37.5 per cent	29.4 per cent	

*All figures from most reliable sources (including those for 1981), but due to conversion to dollars they should not be used as an official reference. Some banks have included contra accounts in their total assets — financial engagements made towards third parties on behalf of customers or affiliates. Such accounts, appearing in both assets and liabilities, include guarantees and confirmed letters of credits, loans committed but as yet undrawn, and forward transactions. More specifically, such accounts were included in the assets of the National Commercial Bank of Saudi Arabia, Arab Banking Corporation and UBAE Italian for 1979 and 1980.

privileged treatment to non-Arab institutions. The problem was compounded last year by historically low spreads, the differential between the interbank offered rate (Libor) and what lenders could charge to get front-end fees, signature bonuses and commissions to issue and manage the loan.

Since 1979, acute strains have stretched human resources to their limit, as both Arab International's and ABC's managers complain. 'We'd like to do much more and diversify faster out of traditional investment outlets, but where do we find the people?' asks Ghias al Yafi. But Arab banks have coped far better than expected by central bankers. 'The old criteria which were used to select traditional western banks, as against Arab institutions, to funnel deposits are fast becoming outmoded,' says an official of a major Arab consortium.

In two to three years, our equity base will be strong enough to convince SAMA to channel more of its funds towards us,' he adds. 'Already, other Opec treasuries and

finance departments are doing just that and it is clear that the Saudis are dragging their feet and are much too conservative in this respect.'

Though still the biggest recipients of Arab deposits, Citicorp, Chase, Banque Nationale de Paris, Deutsche Bank and the Sumitomo group have generally cut back their role in effectively deploying petrodollars. Instead of relaying short-term deposits in medium and longer currency syndicated loan maturities — their key function in the 1974 post-oil boom era — they have tended recently to restructure their risk portfolios by merely matching loan and deposit maturities through the more passive interbank market.

In other words, rolling short-term deposits to fund longer-term loans is slowly being taken over by Arab institutions more eager to extend their range of customers. 'Arab banks are adding a new feature to the market,' claims a US banker using a knife-edge case. 'they allow me to rescind

my portfolio by lending them an amount of dollars at a cheap rate, but with a minimum risk, instead of having me handing out the money directly to Zaire or Brazil where I could face a payment default.'

But are Arab bankers willing to run after crippled developing nations and act as a safety net for OECD capital managers? 'We are not in this ball game to take greater risks and to forgo our profit objectives,' bluntly replies Walid Niary of Gulf International. 'We are in it to do sound business, just like any other international bank would. Why should we concentrate on the leftovers?'

Other major banks headquartered in the offshore centre of Bahrain reply differently: 'Sure, we will take tougher risks — as long as we are allowed in on softer deals,' was one opinion.

That is exactly what happened last year in the international financial arena. While developing nations cut back their borrowing dramatically by some 34 per cent in absolute value, Arab institutions went after them by increasing their Third World exposure by 23 per cent in dollar terms. Altogether, the 'top 25' engaged in some \$14bn worth of euroloans to underdeveloped countries, aside from the estimated full \$6bn advanced by Opec states and aid funds.

In the lead was Latin America, taking well over half. Venezuela and Mexico lifted a combined \$5bn. But there was a net pullout from Asia — if Japan is excluded — and from Africa, to the tune of 23 per cent, while the Arab world kept its status.

On the other hand, a marked increase was shown in the US and Canada and an even greater one in Western Europe, which accounted for a third of all Euro-Arab loans. The case of Italy, ranking as the world's biggest borrower with \$6.5bn, reveals much about Arab penetration of the market: in 1979, Arab bankers provided only 21 per cent of eurocredits extended to Italy, but their share jumped to 44 per cent last year. By contrast, credits to Eastern Europe, especially Yugoslavia and Czechoslovakia, dropped by two thirds.

RECOMMENDATIONS OF GULF INFORMATION MINISTERS' CONFERENCE OUTLINED

Jiddah 'UKAZ in Arabic 11 Mar 81 p 8

[Article by 'Ali Madhash: "Decisions of the Conference of Arab Gulf States' Information Ministers; Comprehensive Plan to Strengthen Gulf Media Activity at Home and Abroad; Budget of Oil Information Planning Committee Approved; Conference Approves Creation of Folk Heritage Center in the Gulf States."]

[Text] The final decision of the Conference of Information Ministers of the Arab Gulf States were announced last night, at the conclusion of its work, which lasted 2 days.

His Excellency, Mr 'Abd al-'Aziz al-Rawas, minister of information and youth affairs for the Sultanate of Oman, chaired the session, and delivered a speech welcoming the ministers and delegations participating in the conference. In the course of his speech, he referred to the importance of cooperation among the region's states, based on common history and destiny.

He called for pursuing a new and effective media policy, through which their aspirations could be achieved. He expressed gratitude to the Qatari Ministry of Information for its efforts, and to the committee of experts, which submitted their recommendations to the ministers.

His Excellency, the minister of culture and information for the Republic of Iraq, Mr Latif Nasif Jasim, spoke next, thanking the ministers for their positive positions at this decisive stage in the life of the Arab Nation and the Gulf region. He stressed the need for coordination and cooperation to confront the challenges in the present circumstances.

Mr Muhammad al-Mansur, from the Saudi Arabian delegation, was re-elected conference reporter. After that, the Kuwaiti undersecretary of the Ministry of Information, and chief of his country's delegation to the conference, Mr Sa'dun Muhammad al-Jasim, was elected chairman of the drafting committee, composed of delegation members from Iraq, Oman, Qatar and Kuwait.

Finally, the agenda was approved, as follows:

* Decisions of the board of directors of the Gulf News Agency

* Decisions of the board of directors of the Regional Center for Media Consolidation of the Arab Gulf states

* Decisions and recommendations of the fifth meeting of the board of directors of the Gulf Television Organization

* Memorandum submitted by the Saudi Arabian delegation concerning the Gulf Open University

* A working paper also submitted by Saudi Arabia concerning the Academy of Media Arts in the Gulf region

* New business.

Conference Decisions

After discussion of agenda topics, the conference adopted the following decisions:

1. The conference examined the report of the conference secretariat, concerning actions taken with respect to the decisions of the Fifth Conference of Arab Gulf Information Ministers. It, accordingly, thanks the secretariat for its efforts during the past year, and underscored the need to implement the decisions and recommendations, which were approved at the fifth conference.

2. Media initiatives on the international scene:

a. Formation of a committee, called the Committee of International Media Relations, with headquarters in Qatar, and chaired by the Qatari undersecretary of information, Mr Muhammad 'Abd al-Rahman al-Khalifi. It will be delegated the mission of establishing media plans and projects, aimed at explaining Arab viewpoints on various questions, and supporting Arab issues on the international scene. That will be done in coordination with the member states, which have submitted and will submit to the committee their proposals and projects in this field. The committee will be composed of members representing the nations participating in the conference.

b. The committee will draw up a schedule of projects, which it thinks should be implemented, and establish a program for coordination among the member states, about ways to implement and distribute the projects among the member states, whether individually or jointly. The state or states, which deem a specific project necessary, will bear its costs.

c. The committee will draw on the experience of the Committee of Coordination and Planning for Oil Information in Kuwait.

d. On the basis of the decision of the Fifth Conference of Arab Gulf Information Ministers, held in Doha in February 1980, the report prepared by Qatar, concerning Arab media activity in the West, and the project to establish an Arab organization for international relations, will be referred to the Secretariat General of the Arab League (General Directorate for Information) for its review by the next conference of Arab information ministers.

3. Distribution of newspapers and printed materials in the Gulf region:

The decision of the Fourth Conference of Arab Gulf Information Ministers, held in Bahrain in February 1979, concerning newspapers and the need to facilitate their distribution, was supported. National airlines organizations are to be urged to reduce freight charges for printed materials.

4. An association from the Arab people to the American people:

The conference has reviewed the contents of the memorandum from the Qatari Ministry of Information, concerning the establishment of the aforementioned association in Sharjah. It urged the member states to support and encourage it.

5. Oil information:

a. The conference listened to an explanation of the report, submitted by the Kuwaiti delegation, concerning the accomplishments of the Committee of Coordination and Planning for Oil Information, during 1979, and its proposals regarding projects and plans it suggests be implemented during 1981. It praised the excellent results that were achieved by the committee in its work. It approved the contents of the report, along with stressing the importance of organizing visits of editors, concerned with energy affairs, and television crews, to the region, and publishing special supplements in certain world newspapers.

Coordination With Ministries of Oil

The conference also requested coordination with the oil ministries in the member states, specifically to benefit from the visits of oil ministers to various countries of the world, in order to carry out media activities in regard to oil, during these visits. It praised the fruitful cooperation and responsiveness which the secretariat of the Organization of Arab Oil-Producing Countries (OAPEC), has shown in implementing the plans and projects of the Coordination and Planning Committee for Oil Information.

b. It approved the budget of the Coordination and Planning Committee for Oil Information for 1981, amounting to 400,000 Kuwaiti dinars, and requested that the member states of the committee pay their shares of the budget, in the amount of 80,000 Kuwaiti dinars from each state involved in the committee.

6. Media plan project for the Islamic nations:

The conference listened to the project of a media plan for the Islamic nations, submitted by the Organization of Islamic Nations Broadcasting. It requests the member states to send their observations about this plan to the organization's secretariat general.

Collecting Folk Heritage

7. The project to unify efforts to collect and record folk heritage of the Arab Gulf region:

The conference has taken cognizance of the paper submitted by Qatar, concerning the paper, submitted by Qatar, concerning the project referred to. It has decided to

create a folk heritage center for the Arab Gulf states in Qatar, along with tasking the Qatari Ministry of Information with drawing up a concept for the organizational structure and staffing for the center, as a preparatory stage for its establishment, as well as a proposal for the budget required.

8. Engineering affairs:

a. The conference has reviewed a report regarding the work of the engineering committee, composed of members of the committee of experts, and approved its recommendations contained in appendix number (1), paragraphs 1 through 6.

b. The conference has taken cognizance of the memorandum of the Kuwaiti delegation, concerning a study of the profusion of microwave networks in the Arab Gulf states, and the possibility of tying them together. Approval has been granted to the engineering committee's report concerning that (appendix number 1, paragraph 7).

c. The conference thanks the chairman and members of the engineering committee for their productive efforts, and stresses the importance of their role.

9. Joint program production:

The conference studied the reports submitted by the Organization of Joint Program Production of the Arab Gulf states, praised its excellent achievements, and decided the following:

a. Informed the member states of the Sultanate of Oman's agreement to join the organization.

b. Supported the request to the government of Kuwait to specify a piece of land for the establishment of a building for the organization, and the request to the organization to submit a comprehensive study regarding building costs, after a suitable piece of land has been obtained.

c. Urged the member states to make the necessary facilities available to produce the organization's programs, so that it can benefit from the countries' studios and resources.

d. Urged the member states to offer assistance to enable the organization to reduce the selling price of the magazine IFTAH YA SIMSIM!

10. Training:

The conference has taken cognizance of all the documents submitted by the Gulf Center to Coordinate Radio and Television Training in Qatar, and praised the center's efforts and achievements.

a. With respect to the document pertaining to the proposed Arab Center for Radio and Television Training, to be built in Qatar, the conference has decided to defer decision on that, until an evaluation has been made of the work and accomplishments of the Arab Center for Radio and Television Training in Damascus. This will be reviewed by the Seventh Conference of Gulf Information Ministers, to be held in Kuwait in 1982.

b. The proposed training plan for 1981 was approved. Saudi Arabia has expressed its readiness to host the radio and television announcer's course, referred to in the aforementioned plan.

c. Consideration has been postponed with regard to forming a permanent committee to coordinate radio and television training for the Arab Gulf states, as well as the internal table of organization for the Gulf Center to Coordinate Radio and Television Training, pending completion of the evaluation of the work of the Arab Center for Radio and Television Training in Damascus, being satisfied at present with liaison officers for training affairs in the member states.

11. Evaluation of the secretariat's work:

The conference praised the secretariat of the Arab Gulf states' Conference of Information Ministers, in Doha, for its interest and perseverance. It has decided to postpone decision on creating a permanent secretariat, until the seventh conference is held in Kuwait in 1982, on condition that coordination between the Ministry of Information and Youth Affairs, in the Sultanate of Oman, and the Kuwaiti Ministry of Information be effected, in order to prepare for holding the seventh conference.

12. Recommendations for the first Gulf song festival in Bahrain:

a. The proposal to create a folk arts and heritage center was referred to the Ministry of Information in Qatar.

b. The member states were urged to adopt suitable measures to ensure protection of composition and performance rights.

c. The member states were urged to facilitate acceptance of Arab Gulf states' inhabitants in the Institute of Musical Studies.

Dr 'Abduh Yamani and the Coordination Mission

13. Coordination in the fields of information and journalism:

The conference has taken cognizance of the memorandum of the United Arab Emirates in this regard. The decision was made to task the Saudi minister of information, Dr 'Abduh Yamani, to work toward coordination among the media and press organizations in the member states, as well as with the Arab and foreign press. Moreover, it tasked the Bahraini minister of information, Mr Tariq al-Mu'ayyid, to coordinate with the news agencies in the Arab Gulf states, and to contact foreign news agencies. The purpose of this is to accurately and objectively oppose the negative, anti-Arab positions.

14. The Regional Center for Media Consolidation in the Arab Gulf:

After ratification of an agreement to create the Regional Center for Media Consolidation in the Arab Gulf states, the center's board of directors held its first meeting in Muscat, Sultanate of Oman, on 10 March 1981, and decided the following:

a. The center is to begin work at once.

b. His Excellency Latif Nasif Jasim, Iraqi minister of information, was elected chairman of the center's board of directors.

c. Professor 'Amir Abu Ibrahim Qindilji, of the Republic of Iraq, was appointed the center's director general.

d. Approval was granted to the board's plan of action, submitted by the Iraqi republic. The director general was charged with immediately implementing it.

Gulf Agency Service Profitable

15. The board of directors of the Gulf News Agency held its annual meeting in Muscat on 10 March 1981, chaired by the Bahraini minister of information, the agency's chairman of the board, Mr Tariq al-Mu'ayyid. The following decisions were made:

a. His Excellency, the minister of information of Bahrain, Mr Tariq al-Mu'ayyid, was re-elected chairman of the agency's board of directors. The agency's budget for 1981 was approved, in the amount of 630,000 Bahraini dinars, with the same ratios as previously agreed to. The member states were asked to pay their shares.

b. The chairman of the board was empowered to take whatever action he deems suitable regarding the technical report submitted by the agency.

c. The agency's services were considered profitable to the newspapers published in the Arab Gulf states.

d. The English language broadcast was sanctioned. It began on an experimental basis last year.

e. The board listened to a review of the agency's annual report by the chairman. It praised his efforts during the past year, and wished him increased success.

Gratitude for the Saudi Ministry of Information

16. The Gulf Television Organization:

a. The Council of Information Ministers reviewed the decisions of the board of directors of the Gulf Television Organization, and have approved them (appendix number two). The council is pleased to offer its thanks to the Saudi minister of information, Dr 'Abduh Yamani, and to the undersecretary of the Ministry of Information of Saudi Arabia, Dr 'Abd al-'Aziz Khawjah, for their excellent efforts, which have aided the organization to completely fulfill its duties.

b. Mr Sa'ud al-Duhuli, of Saudi Arabia, was appointed director general of the agency for the Gulf Television Organization.

Study Concerning Gulf University

17. The Gulf Open University:

The conference has studied the Saudi Arabia delegation's memorandum concerning the Gulf Open University. It decided to task the Saudi Arabian Ministry of Information

to prepare a study in this regard, in coordination with the Ministries of Education in the member states, and the Office of Education for the Arab Gulf states, in Riyadh. The matter is to be reviewed by the Seventh Conference of Arab Gulf Information Ministers, in Kuwait in 1982.

18. Academy of Media Arts:

The conference reviewed the working paper, submitted by Saudi Arabia, concerning creation of the Academy of Media Arts.

It decided to charge the Saudi Arabian Ministry of Information with preparing a study concerning this project, in coordination with the Ministry of Information in Iraq and the Ministry of Information in Kuwait, in order to derive benefit of their expertise and resources in this field.

Next Conference in Kuwait

19. The Seventh Conference of Arab Gulf Information Ministers:

The conference accepted with gratitude and appreciation Kuwait's invitation to host the Seventh Conference of Arab Gulf Information Ministers, during the month of February, 1982.

20. The conference extended its warmest, profuse thanks and appreciation to His Highness Sultan Qabus Ibn Sa'id, the sultan of Oman, for his generous hospitality. It also expressed thanks and appreciation to Mr 'Abd al-'Aziz al-Rawas, the minister of information and youth affairs for the Sultanate of Oman, for the ministry's efforts in making this conference a success.

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CSO: 4802

AID TO SAHEL COUNTRIES SUMMARIZED

London 8 DAYS in English 28 Mar 81 pp 48-49

[Text] The Sahel countries can count on Arab aid to fight severe drought and the devastating effects of advancing desert, but this financial help will not bring results unless present programmes are revised.

The drought-hit Sahel states are pleased with the results of last November's meeting in Kuwait of the Sahel Club held under the auspices of the Inter-state Committee for the Struggle against Drought (CILSS). However, much remains to be done if significant results are to be achieved.

The Kuwait meeting served to review all action carried out to counter drought and poverty in the region and enabled a better dialogue with Arab states and institutions which provide aid. The meeting was highly positive in that Arab donors now feel they are participating fully in the campaign staged by the CILSS and the Sahel club. Previously, the dialogue between countries of the Sahel and the international community rather gave the appearance of being instigated by the western world, which implied that oil-rich Arab states were not really involved.

Arab financing institutions did not want to see their aid being channelled through groupings they do not control and which they suspect of being under the influence of western countries. Now three-pronged cooperation--the African countries of the CILSS, Arab fund bodies and western donors--should serve to make loans available more rapidly.

Sahel Club officials have noted that the granting of a loan for an important project might take up to six years to go through. However, improved coordination between donor countries could possibly reduce the waiting period by half.

For many years the Sahel's inadequate rainfall has been seen as the main problem. Now, a report published by the CILSS emphasises that drought is only one of the major problems affecting the region, and that all countries concerned should become conscious of the need to make the area self-sufficient in food as quickly as possible. Agricultural techniques are at present totally inadequate.

Recently there has been an increase in the production of cereals, but this has not matched the effects of the region's growing birth-rate. Productivity therefore remains insufficient and the development of irrigation has been negligible. In the past three years, no country of the Sahel has been in the position of

ensuring that its people receive the required daily minimum of calories. Only three countries out of the seven in the region have so far managed to cover the needs of their populations on the basis of a daily ration of 2,200 calories, demonstrating that most people living in the area suffer from malnutrition.

There are 30 million people living in the Sahel region and only 5m of them live in cities. The birth rate is presently too high--for example, 2.8 per cent in Mali, Mauritania, Niger and Gambia, 2.4 per cent in Senegal--and as a result the overall population might well top 50m by the year 2000. However, the CILSS and the Sahel Club are banking on a reduction of the birth rate that will bring the figure down to about 46m. At the moment, they are simply hoping for the better, but, according to a UN report, if no concrete measures are taken, the area will have a population of 55m in 20 years' time.

With the present birth rate, demand for certain cereals and meat will have doubled by then, while needs for sugar and maize will have tripled and corn quadrupled. According to predictions made by the Sahel Club, the region will become partly self-sufficient in food needs but will not have enough maize, corn, sugar and milk. Experts say urgent action is required in the agricultural sector, aimed at increasing the resistance of crops that depend on rain.

But what will happen if the area faces another serious drought? Will countries concerned have time to adapt themselves to new programmes? Everything depends on their capacity to follow the advice of experts sent by the UN. There is also the financial aspect of the problem, which should not be overlooked.

During the past six years international aid to Sahel countries rose from \$800m to \$1.7bn but in real terms the financial assistance only rose by 30 per cent during that period.

Arab countries have promised to give more aid and, in fact, their level of contribution is much bigger than it is for other developing countries. However, the CILSS would like the international community to make a greater effort. Aid to countries of the Sahel is not totally devoted to the fight against drought: it also covers other sectors such as research, technical assistance and the budget needs of many organisations.

But a stumbling block is that aid cannot be given if programmes are not coherent, and donor countries are taxing Sahel states with having failed to list their needs properly. Many measures are not carried out the way that they should be, it is said, and consequently loans are hard to get. That is why, claim experts, programmes must be revised.

CSO: 4820/290

INTER-ARAB AFFAIRS

BRIEFS

HUNGARY LOAN--ARAB Banking Corporation has won the mandate with Kuwait Foreign Trading, Contracting and Investment Company (KFTCIC) for a \$150 million loan to the National Bank of Hungary. The loan is now being syndicated among Arab and Arab-related banks, and Bahrain OBU's. The signing ceremony is expected to be held in Kuwait. [Text] [Bahrain GULF MIRROR in English 21-27 Feb 81 p 21]

CSO: 4820

IDB, OIC SAID TO COMPETE IN DEVELOPMENT AID

London 8 DAYS in English 21 Mar 81 pp 35-37

[Article by Jamal Rasheed]

[Text]

THE ISLAMIC Development Bank (IDB) was generally expected to handle the \$3bn development fund established by the Taif Summit in January. One of the most experienced and widely-based aid-giving institutions in the Islamic world, internationally recognised, the Bank is a working partner of the Organisation of the Islamic Conference (OIC) which arranged the Summit but also its rival in attempts to gain control of the fund.

IDB executives are naturally keen to win control of the fund. 'It would transform us from a \$2bn to a \$5bn bank, and make us one of the largest aid agencies in the Islamic world,' an IDB source told *8 Days* in Jeddah. Bank president Ahmed Mohammed Ali declined to say where the money would go, however.

Sources in the OIC told *8 Days* that having such a fund at its disposal would give the Organisation a great deal of political and economic clout in its attempts to effect a ceasefire in the Gulf war and a solution to the Afghan crisis. The OIC would set up a separate economic body to handle the money, but retain tight control over it.

A third solution being mooted in Jeddah is to set up an entirely separate economic body answerable to the principal fund donors — in other words the Saudis, who have donated \$1bn. The Saudis are also the principal contributors to the IDB, having given \$210m in 1975 and another \$1bn at the Taif Summit. Moreover, they are the OIC's main backers. They clearly prefer to support a number of Saudi or Islamic aid-giving institutions rather than funding one big one.

The IDB started up in 1974 with 22 OIC member countries; present membership has

grown to 40 countries. The Islamic Dinar (ID) is the unit of account, which is comparable to the IMF's Special Drawing Right (One ID is currently worth \$1.26). The original subscribed capital of ID700 came from four main sources: Saudi Arabia with ID200m, Libya with ID125m, the UAE ID110m, and Kuwait ID100m, with other countries contributing lesser sums. The Taif Summit raised its subscribed capital to ID2,252bn (\$2,848bn).

Its first project, in 1975, was the Song Loulou hydroelectric project in Cameroon, which it co-financed with the Saudi Development Fund and the Kuwaiti Fund. Co-financing has been a permanent feature of the IDB since then, in conjunction with the EEC, the Asian Development Bank and the African Development Bank. It works in close cooperation with all the major Arab development funds, especially those of the Saudis and Kuwaitis, and has signed formal agreements with several UN agencies such as WHO, Unesco and IFAD. As much of its financing provides foreign exchange for a project, it has teamed up with a number of national Islamic banks. In a joint leasing operation for a tractor project in Turkey in 1978, it partnered a private firm, Fiat of Italy.

The IDB is committed to the Islamic principles of the shariah in all its financial operations, but the interpretation of the shariah is open to dispute. The one factor which unites all Islamic sects is the rejection the Bank's loans were to Arab countries, the rest going to Asian states. As a result, the Bank came under fire from many African countries and since then there has been a dramatic shift towards helping the poorer African countries. Having staff

drawn from a wide range of countries enables the Bank better to absorb and react to criticism from its members.

In 1977 the Bank gave 12 loans to 11 countries, amounting to \$77m. In 1979 it gave \$169m in 25 loans to as many countries, a dramatic leap which demonstrates its growing effectiveness. This year the Bank has announced a spending budget of \$790m, of which \$500m will finance foreign trade among member states, and \$275m will go to project aid. Niger will receive \$20m for its crude oil imports, Algeria \$45m for imports of raw materials, Pakistan \$25m for crude imports, and the Sudan \$30m for urea imports.

Main aid is for infrastructural development (\$221m up till 1979). In an unusual and original move the Bank avoided investing its funds in foreign banks, utilising them instead to finance foreign trade among member countries. As a senior Bank executive told *8 Days*: 'We always stress the financing of developmental commodities rather than consumer goods, thereby helping the country onto its feet.' Until 1979 the Bank had financed 80 trade projects in 22 countries at a total cost of of interest charges as a means of profit and expansion. Instead the IDB has a service charge which can go up to 4 per cent but is usually around 2½ per cent. Terms include maturities ranging from 10-40 years, and occasionally as long as 50 years. Most leniency is shown to the poorer countries.

An Islamic research and training institute has yet to be set up to coordinate banking principles throughout the Islamic world, but the IDB has held a number of seminars with jurists from various schools of Islamic thought attending. As a result, perhaps, Pakistan has recently initiated interest-free banking within its banking system.

At the moment the Bank employs 258 people drawn from 29 member countries, the largest number coming from Pakistan, including the Bank's vice-president, Dr Saeed Manai, a former deputy governor of the State Bank of Pakistan. A varied staff has its advantages. In 1978 51 per cent of \$1bn. A consequent shortage of cash last year resulted in its increasing its capital by accepting deposits from Islamic institutions and individuals to finance its trade dealings.

Many member states, especially the least developed countries like Bangladesh, are keen to see the Bank develop and maintain its autonomy, distancing itself from the political convolutions which the Middle East is currently going through. The IDB has achieved this so far. It has excellent relations with Libya, one of its foremost donors, even though its host country Saudi Arabia has no diplomatic relations with Libya. A Bank source told *8 Days* that only Afghanistan has suffered, due to the fact that projects there cannot be funded or supervised at the moment.

In its early days the Bank gave no loans for agricultural projects, loans which many Islamic countries desperately needed. In 1978 and 1979, 50 per cent of its loans went to infrastructural development and 33 per cent to industrial projects. This has been rectified, and the Bank has just given Senegal a \$3m loan to finance rural development. However, a Bank source told *8 Days* that the IDB was not entirely at fault as poor countries rarely come up with comprehensive rural schemes. This is now beginning to change.

A number of economic officials from embassies of Islamic countries in Jeddah said that they were generally very satisfied with the Bank's performance so far. 'They know our problems, they speak our language and they are very motivated,' one embassy official from Asia commented. Many of the poorer Islamic countries are keen to see the \$3bn fund fall into the Bank's hands.

The Bank strongly supports the newly formed Islamic Chamber of Commerce set up by the Taif Summit — and to be based in Karachi, Pakistan — and the Islamic Shipowners Association. The OIC's economic council has been discussing an Islamic Common Market patterned on the EEC for some time.

Finance ministers from 40 countries have just met in Khartoum for the Bank's annual conference. Afghanistan was formally suspended from the Bank's activities. Egypt's continued suspension was also discussed, the governors decided against re-admitting Cairo. Bank President Dr Ali has been set the task of drawing up specific proposals for the development of the poorest Muslim countries.

FIRM STAND TAKEN ON NATURAL GAS PRICE NEGOTIATIONS

Price of Natural Gas

Algiers EL MOUDJAHID in French 5 Mar 81 p 1

[Article by Z. Zouied: "The Price To Be Paid"]

[Text] The unilateral breaking off of Algerian-American negotiations on gas continues to rouse the minds of observers and inspire various comments in the European press, while American newspapers only remain mute at the prompting of the new occupants of the White House, who seem to surround their turnabout with a silence that is, to say the least, somewhat unusual and frustrating to world public opinion.

In the opinion of one Western diplomat posted in Algiers, it is strange that such negotiations have led to nothing, thereby wiping out 10 months of patient and laborious bargaining in which the previous American administration had engaged.

What, in fact, is one to say about such a break which, by virtue of its abrupt nature, could denote narrow views, even constitute the premonitory symptom to a dangerous policy, particularly with respect to the relaunching of the North-South dialog expected in the coming months.

As a corollary to this approach, which stores up tension for the future, it is significant to point out that the negotiators dispatched to Algiers by Washington came to "pack up their bags" and empty the talks underway of all substance, almost hinting that it was up to each of the parties to draw its own conclusions.

Therefore, while the American attitude is open to many legitimate questions, as one can see, it is important that Algeria's position be presented again. It asked nothing more than the obtention of what other natural gas exporters, such as Canada, Mexico, the United Arab Emirates, Indonesia and, along another line of ideas, Holland and the USSR, had already obtained in one way or another.

Claiming its rights, it was only resorting to precise terms that would enable it to give natural gas, because of its intrinsic value, the economic status of a precious raw material for the development of petrochemistry and a noble and nonrenewable energy source.

This led Algeria to pose the problem of prices in direct relationship to these fundamental elements concerning the increased value of gas and the trend recorded on the world market. If it did not, it would be permitting the perpetuation of a situation that has become unacceptable, favoring as it does an irrational allocation of resources and running counter to the condition of an energy market marked by a structural deficit.

Furthermore, it was abnormal for the economic terms of trade to be continually determined by an industrial operation in which the price to be paid by the buyer would simply permit the recovery of investments plus a reasonable remuneration for the required capital and the covering of regular operating expenditures.

As one Algerian expert pointed out, it was as if in the eyes of the Americans, natural gas was just like liquefied nitrogen, when we know that nitrogen is an element of the earth's atmosphere and therefore available everywhere and without any special costs.

Therefore, in asking its partner across the Atlantic to improve the price of its liquefied natural gas, Algeria simply expressed a demand based on economic laws familiar to American gas industries relating to the evolution of resources, insofar as the price of a thermal unit derived from oil has increased 200 percent while that from gas has gone up only 30 percent at the end of 1979.

Within this context and seen in this light, the fair price for gas demanded by Algeria implied an international level and not specific terms for a given industrial country, out of all proportion to any mutual respect for the interests of our two peoples.

In so doing, our country was trying, while respecting the privileged nature of its relations with the United States, to call for a spirit of responsibility in the approach to the problem of prices that would enable the seller to be certain that the exhaustion of its subsoil is a necessary sacrifice in building a society of progress and justice and at the same time, permit the buyer to plan a policy of receiving a supply from his share of the market, safe from circumstantial fluctuations and free from any ratio of forces of a time gone by thanks to the sacrifices of nations colonized until only recently.

Natural Gas Exports Only Helping Algeria

Algiers EL MOUDJAHID in French 5 Mar 81 p 3

[Text] In a recent article by Bruno de Thomas, LE MONDE poses the question of the future of natural gas following the breakdown of negotiations between our country and the United States.

By way of conclusion, the article recalls the recent decisions made by Nigerian authorities, who preferred to wait before approving agreements signed with a number of companies importing liquefied natural gas (LNG). The resistance Algeria is encountering in updating its sales contracts may not be foreign to these decisions. It should be remembered that Nigeria was to build an LNG plant with a capacity of 17 billion cubic meters, half of which would supply the American market with the rest going to Europe.

Perhaps it is also fitting to mention the case of another country that exports LNG, Indonesia, which already exports large quantities to Japan and which was about to embark upon another project oriented toward the American market. The Indonesian authorities also decided to freeze the project in the light of the pressure Algeria is putting on its LNG partners.

If there was any conclusion to be drawn from these events, it would perhaps be fitting to situate it at the level of the short-sighted calculations which consumer countries make in their negotiations on the price of natural gas and the consequences for the mobilization of an abundant, reliable and clean source of energy whose contribution to all energy plans now being drawn up is an important one.

If good sense and reason do not finally win out in the approach taken by certain natural gas buyers, the situation that could result from a smaller supply of gaseous hydrocarbons would be damaging, essentially for consumer countries.

Algeria, which agreed to play the role of a pioneer by financing enormous LNG facilities, will not be the victim that some are looking for.

There are three reasons for this:

First of all, our country also exports crude oil. Let one imagine how high the price of a barrel of oil would go in a situation in which over 100 billion cubic meters of natural gas would be taken off the market because of the failure to reach an agreement on the price. To be more precise, it should be noted that this is equal to a reduction in the supply of hydrocarbons amounting to the exports of a country such as Libya. And yet, this is the situation that natural gas importing companies want to create.

The losers would not be the crude oil exporting countries.

The losers would be consumers in industrial countries who will have to pay ever higher prices for their oil products because of the imbalance between the supply and demand for oil.

The winners would be the multinational companies and the governments of the industrialized countries, which would, in the case of the former, increase their profits and, in the case of the latter, levy more taxes on the small consumer as the result of the higher price paid for a barrel of oil.

In the final analysis, the blindness of those who have not given up imposing, on our country and others, an inequitable order based on the looting of the natural resources of the Third World does not leave us much choice.

Either we now agree to sell at a low price determined by consumer countries or we refuse prices which, no matter what some might claim (they should check their figures and verify their information), are well below those obtained by other LNG exporters, including the United States. We shall then continue to be faithful to ourselves, putting the dearly acquired freedom of making our fundamental choices freely above any price.

The second reason resides in the fact that an economy of the OPEC type, to use the expression now popular -- that is, an economy essentially based on the utilization of oil and gas income (when the latter actually exists), does not exactly constitute what one might aim for in our country, where the mobilization of productive forces is the only thing that can authorize the construction of an independent economy.

Algeria has pledged to reserve its hydrocarbon receipts for the sole purpose of productive investments, gradually excluding the coverage of consumer needs.

The euphoric and demobilizing effect produced by hydrocarbon exports has been clearly perceived by the Central Committee of the FLN, which on several occasions decided to heed this danger pushing some OPEC nations to mortgage the future of their coming generations for exaggerated imports that truly benefit only the industrialized countries.

The last reason is that our natural gas exports were supposed to take over for oil exports. The recycling of Algerian natural gas, which contains large quantities of condensate, can be expanded and supply the country with more necessary foreign exchange, without thereby accepting sales conditions which in the final analysis put the decision concerning the level of our country's receipts in the hands of only the consumer countries.

Perhaps one should recall how a country such as Mexico reacted when, after trying to export some 20 billion cubic meters of natural gas to the United States and in the face of the pressure and blackmail used against it, it decided to build the gas pipeline that was to carry that volume, but no longer to export gas. Rather, it would be used to irrigate the country. The practical and useful source of energy would be made available to citizens and national industry.

The challenge accepted by Mexico as a result of the pressure to which it was subjected to make it sell its natural gas at a low price is, in the opinion of that country's leaders, one of the best decisions made in the economic field.

As for the theories that would have Algerian gas be the captive of the European market following the impasse in negotiations between SONATRACH and El Paso, this is a prospect that could only exist if the price of natural gas continues to be in the hands of consumer countries and if its export becomes inevitable. It is precisely for that reason that President Chadli affirmed clearly and unambiguously that our country was determined not to yield to the pressure and in the last resort, to leave our gas where it is, if necessary, rather than to let it go at an absurd price.

In conclusion, every person makes his calculations and ours are already made. We know that natural gas brings in money but we also know how much it costs us. If that cost is high for the LNG, it cannot also cost us the surrender of even the slightest bit of our sovereignty.

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BAHRAIN MONETARY AGENCY ANNOUNCES NEW SYSTEM

Bahrain GULF MIRROR in English 7-13 Mar 81 p 29

[Article by Mary Frings]

[Text]

MARKET reaction to the swap facility changes announced this week by the Bahrain Monetary Agency, following a "very substantial" increase in drawings over recent months, has been largely favourable.

Many banks said they recognised the need for the new two-tier system, which restricts access to relatively cheap funds to genuine commercial need.

As from April 1, commercial banks will have to justify their use of what will now be called the "primary swap," on the basis of BD-denominated commercial lending and liquid assets.

A BMA spokesman said the definition of liquid assets offered the banks considerable flexibility, within an overall limit of 12.5 per cent of non-bank deposits.

The BMA will calculate primary swap entitlements from the monthly returns supplied by the banks, and if they suspect a degree of window-dressing they may carry out direct inspection.

A number of banks said they had always worked within these guidelines and one commented: "They do not scare us at all."

Commercial banks were consulted by the BMA through the Bankers Society of Bahrain, and one banker said the Agency had been very co-operative in acceding to

the request that banks should be given time to adjust their balance sheets — hence the one month's notice.

Available

The Agency had also accepted a recommendation that for the second tier of the swap, which makes BD funds available at market-related rates, overnight money could be obtained to close out a position, as well as the normal one-week swap.

Access to the second tier will be unlimited, but will in practice be rationed by price.

Although only commercial banks are entitled to use the swap, at either level, they are the main source of BD funds for the rest of the market, and one dealer said the limitation on the supply of BD at preferential rates might affect the call money rate.

One OBU manager commented: "We have not yet studied the BMA's circular in detail. We have got to think it through carefully and see how we are going to be affected."

Chartered Bank manager Frank Yule said he felt the BMA had taken the correct action.

"Wherever you have a pool of cheap funds it is likely to be tapped by the outside world."

Funneling money out of here is relatively easy when it can be replaced by the BMA.

"Now the BMA is attempting to limit the supply of cheap

BD to those banks who are lending it to the commercial public."

He said although Chartered is not a heavy user of the swap, he foresaw no problem in justifying access to the primary swap provided the bank's advance/deposit ratio remained the same, and the ratio of foreign currency liabilities (at present about 20 per cent) did not significantly increase.

At Bank of Bahrain and Kuwait, manager Paul Francis said: "We've never really needed the swap, but I support the BMA's move 100 per cent. I'm surprised they did not do it earlier."

Abdul Aziz Shihaby at Paribas praised the BMA's flexibility in allowing banks to clear their positions, and added: "I can see no problems as far as we are concerned."

One OBU however, expressed disappointment that the BMA was no longer prepared to compensate through the use of cheap funds those banks which were holding unprofitable BD bonds, which were still being carried at a loss after an unsuccessful attempt to launch a BD bond market.

But although there was talk of "leakage of liquidity to OBU's and speculation in local currency, the general response of several OBU's was that they were barely involved at all in the BD market.

However, one offshore banker commented that in such

a small market, the cumulative activity of several banks could have a significant effect.

HOW the swap facility works: Banks normally obtain their BD funds either from their own local deposit base, or from the inter-bank market.

High international interest rates tend to cause an outflow of private funds in search of higher returns, and a resulting shortage in the domestic market.

In a real squeeze, holders of BD are unwilling to sell and the BMA is the only source of funds.

The BMA's swap facility is calculated so that the actual cost of funds is about 12 per cent, but always above the cost of funds obtained through normal banking channels.

If banks borrow dollars at, say, 17 per cent, they can then swap dollars for BD with the agency.

The BMA places the dollars in a New York bank,

and earns say, 16 per cent interest on it.

At the end of the one-week swap period, the agency recovers its BD and returns to the bank its dollar deposit, plus whatever portion of the interest will keep the cost of funds to the required level.

The "swap rate" is therefore preferential when international interest rates are high.

If they approached parity with BD rates the "swap" would be much less in demand.

NATIONAL BANK'S STATUS CALLED PROMISING

Bahrain GULF MIRROR in English 7-13 Mar 81 p 23

[Article by Mary Frings]

[Text]

THE National Bank of Bahrain moves into its Silver Jubilee year as "a very strong bank, well capitalised for future growth and development," according to the 1980 annual report.

In his statement to shareholders, chairman Ahmed Ali Kanoo noted that the 30.3 per cent increase in profits to BD4 795 million represented the 10th consecutive year of increased earnings for the bank.

Earned

A major factor in the improved performance for 1980 was a 58 per cent increase in net interest margin, excluding interest earned on the handling of offshore share subscriptions, which is stated as BD130,000.

This relatively small "wind-fall profit" refers only to the bank's own earnings on facilities provided for subscribers, and compares with BD3 205 million in 1979.

Further profit derived from a share-out between the three local banks of takings on the December issue for Consolidated Gulf Services and Industries, is classified under "other income" and is itemised in the

notes to the financial statement as BD834,000.

The report says the increase in ordinary net interest margin resulted from an increase in advances to customers (from BD119m to BD130m), and the bank's more active participation in the money market, where the net interest margin increased by 28 per cent over 1979.

Foreign exchange profits were up, from BD983,000 to BD1 259 million, a rise of 28 per cent.

But commission income on letters of credit and guarantees was marginally down from BD566,000 to BD564,000, despite a strong upturn in business in the third quarter.

Another item under the "other income" heading is the BD479,000 recovered after the liquidation of Viking House Components (Guernsey) Limited, against a claim of around BD3.2 million.

The balance sheet reflected a 40.9 per cent increase in total assets, to BD297 million, following the completion of three years of reorganisation and consolidation.

Increased

There was a significant shift of funds out of current

accounts, which fell from BD47 million to BD37 million.

The report said this was a direct result of depositors' decisions to place their liquid and short-term funds in time deposits, both in Bahrain dinars and foreign currencies, to obtain the high rates of interest available during the latter part of 1980.

However, time deposits from non-banks increased by 73 per cent, from BD68 million to BD121 million, more than off-setting the current account withdrawals.

Shareholders' equity increased from BD16 million to BD20 million, and the report comments that the policy of retaining a major portion of annual earnings in the shareholders' equity account "enables the bank to grow and report consistently increasing profits without the necessity of obtaining additional equity from its shareholders to support the growth."

In fact, 79 per cent of the year's profit was placed in the reserves, while just over 14 per cent was distributed to shareholders and 5 per cent was allocated to donations and contributions to meet the bank's social responsibilities.

WAGE SUBSIDY PLANNED FOR JOBLESS

Bahrain GULF MIRROR in English 28 Feb-6 Mar 81 p 1

[Article by Sheila Richardson]

[Text]

BAHRAIN'S private sector is to be paid to take on inexperienced Bahrainis in a new training scheme announced this week by labour officials.

The scheme is geared to assist more than 150 young people, mostly women with poor English, who joined the ranks of the unemployed after leaving school.

Companies that agree to help train these people need only pay half of the employees' salary over a six-month maximum period of apprenticeship.

Study

But the fledgling workers will not be put into the offices entirely without skills.

For 10 weeks before the apprenticeship stage, the government is offering the job candidates an intensive study programme.

Half the day will be spent improving English language skills, with other hours devoted to picking up job skills — mostly in the clerical field.

The unemployed will also be paid as they move into studies full-time.

A stipend of BD60 per month will be given to each student until he or she is ready for the practical training.

The stipends and the half-share in salaries of the scheme's participants will be covered by the High Council for Vocational Training.

Last week, the High Council decided to allocate more than BD63,000 for the payments.

The Council is a 16-member board with representation from both the public and private sector, including employees' organisations.

The Ministry of Labour and Social Affairs will administer the training courses as part of its ambitious scheme to train 10,000 Bahrainis over a decade.

Said the Director of Manpower Development, Said Ahmed: "We're sure the programme will be a success."

"We believe that many of the companies we select as bases for practical training will want to hire the Bahrainis full-time once the six-month period is over."

Mr Ahmed added that the companies which will participate in the scheme are to be selected in about two months' time.

BAPCO PLANS TRAINING CENTER

Bahrain GULF MIRROR in English 28 Feb-6 Mar 81 p 1

[Text]

BAPCO is to build a new \$3 million training centre at the refinery, and later this year will send recruiting teams overseas to universities in another search for Bahraini undergraduates and graduates to swell the ranks of the company's workforce.

The moves form part of the company's continuous training and development thrust for its Bahraini employees, and were revealed during a dinner for top management and graduate personnel in Manama last week.

Functions

The function in the Gulf Hotel on Wednesday was to honour the members of Bapco's PROMPT programme — the Programmed Review of Management and Professional Training.

General manager Eric Melbourne said that the new training centre would be built outside the north gate, near the engineering building. "We expect to complete and occupy it by mid-1982," he said.

It will fulfil all the training functions apart from automotive training, which will continue in Awali.

"With this new facility, we

will be better able to handle the training of our 500 full-time Bahraini trainees and, hopefully, be better also prepared for further training developments," said Mr Melbourne.

Mr Melbourne added that, last year, company representatives visited many colleges and universities looking for Bahrainis to employ.

"Everyone we talked to was impressed with PROMPT, because it offered a formal, well-constructed, three-year programme.

"Later this year, we shall again be sending two or three recruiting teams to universities in Europe and the United States, looking for Bahraini graduates."

Improvement

Mr Melbourne also forecast another boom period for the Gulf area in late-1982. "We can anticipate an increase in demand for skilled and professional Bahrainis, and it seems likely that Bapco will be 'raided' again.

"We will be looking not only to maintain the programme but to improve it in order to ensure each employee has the best opportunity to develop his individual careers."

BRIEFS

IRON PLANT CONTRACT--The first contract to be awarded by the Arab Iron and Steel Company has been won by a local joint-venture, at just under \$50m. AISC is to build an iron pelletising plant near Bahrain's Asry shipyard, for completion in 1983. General manager Dr Omar Grine said a letter of intent had been sent to Ahmed Mansoor Al Aali and Al Jazeera Contracting Company EC, to carry out dredging and land reclamation. The contract involves the reclamation of 1.2 m square metres of land, including a causeway link with the Asry approach road. Dr Grine said discussions have been held with potential iron ore suppliers in Australia, India, Brazil, Peru and Sweden. AISC expects to buy ore from several sources, to get the blend it wants to meet customers' specifications. Talks are now going on with potential buyers of pellet outside the Gulf, to avoid a one-way traffic for bulk carriers. Malaysia is starting two direct reduction steel plants with a total capacity of 1.5 million tonnes--and could help to fill carriers returning to Australia. In the case of South America, the vessels could bring in ore and take out crude oil. [By Mary Frings] [Bahrain GULF MIRROR in English 14-20 Mar 81 p 19]

BETTER DEAL FOR WOMEN--Women in Bahrain will receive a better deal in education under a new deal signed this week. Bahrain's Labour and Social Affairs department has signed a technological co-operation agreement with the United Nations West Asia Economic Committee. Under the deal, the committee will provide Bahrain with special teaching materials for the education of women as part of a plan to integrate women more into development programmes and society generally. Committee spokesman Dr Hamid Ammar says the first year of the agreement will cost \$113,000. "Women's problems have not been given enough priority before," said Dr Ammar. [Text] [Bahrain GULF MIRROR in English 21-27 Feb 81 p 3]

RELATIONS WITH AUSTRALIA UPGRADED--Manama, Bahrain (AP): Bahrain and Australia agreed here to upgrade their trade relations, and the Australian Deputy Prime Minister and Minister for Trade and Resources said there was room for broader co-operation between his country and the oil-rich states of the Gulf region. John Douglas Anthony also said his country offers competitive prices with its exports of meat and other farm products to Bahrain and other countries of the region. He told reporters that Australia was prepared to help train Gulf students and participate in the burgeoning industries in the Gulf countries, including aluminium smelting and steel. The Bahrain Minister of Trade and Agriculture, Habib

Ahmed Qassem, said after a meeting with Anthony that Australia will invest its expertise in Bahrain's fishing and agriculture projects. Anthony had an audience with the Bahrain Head of State, Sheikh Issa Bin Salman Al Khalifa. He also conferred with Information Minister Tariq Al-Monayyed on ways of improving bilateral relations between Bahrain and Australia. Anthony was to fly to Cairo Tuesday for trade talks with Egyptian officials. While in the Egyptian capital, Anthony is scheduled to attend Australia's National Day celebrations at the Cairo International Trade Fair, in which 22 Australian companies are to take part. Afterwards, Anthony is to proceed to Saudi Arabia for similar talks and to attend the first meeting of the Australia-Saudi Arabia mission, established last year under a technical cooperation pact. [Text] [Kuwait ARAB TIMES in English 19 Mar 81 p 7]

IMPORT, EXPORT PROFITS--The directors of Bahrain's National Import and Export Company are to recommend a 35 per cent dividend to shareholders for 1980, following a BD 10 million increase in turnover. General manager Abdul Rahman Jamshiri reports a profit before allocations of BD 1.654 million, compared with BD 1.599 million in 1979. This figure includes investment income. Trading profit amounted to BD 1.321 million, against BD 1.384 million in 1979. Bonus shares issued last year qualify for the dividend of BD 1.750 per BD 5 share. In November last year, an auction was held of 2,825 shares made up of fractions left over from the one-for-two bonus share issue. Prices ranged from BD 22 to BD 31 per share. There was a 140-per-cent increase in the value of food sales during 1980, due to political uncertainty in the area and stockpiling against possible shortages resulting from the Iran-Iraq war. The value of rice, sugar and vegetable oil sold rose from BD 5 million to BD 12 million. By weight, sales of rice increased from 11,375 tonnes to 26,350 tonnes; sugar from 12,700 tonnes to 17,000 tonnes; and vegetable oil from 1,357 tonnes to 2,000 tonnes. There was also an increase in sales of cement, heralding an upturn in the construction industry. The figures were 283,502 tonnes in 1980, compared with 223,961 tonnes the previous year. [By Mary Frings] [Text] [Bahrain GULF MIRROR in English 28 Feb-6 Mar '81 p 21]

CSO: 4820

CLERICAL NOTABLE OFFERS FRIENDSHIP TO NON-OPPRESSORS

Tehran KAYHAN INTERNATIONAL in English 23 Feb 81 pp 1, 3

[Interview with Ayatollah Montazeri, date and place not given]

[Text] --We have paid dearly for the Revolution, we should safeguard it well.

--An expert in Islamic matters is a faghih who is well versed in all Islamic principles.

--Since we wish to follow all Islamic instructions, the men in charge of the government must be experts on Islamic problems.

--Islam does not confine itself merely to the question of worshipping, it has laws and regulations in all field.

--The characteristics of the velayat faghih is that he must be learned, just and aware of the affairs of the day.

--The principle of velayat faghih is one of the requisites of Shi'a.

It is our duty to amass power against our enemy.

--Mostaz'af is one who is capable, but has been held back.

--The Iranian nation is duty-bound to assist the Mostaz'afin of the world in manpower, arms, money etc.

--We should make efforts so that not only our territory is evacuated, but Saddam's regime is overthrown.

Ayatollah Hossein Ali-Montazeri, is one of the most learned and respected scholars of the Theological School of Fushih, and the Friday prayers Imam of Qom. Ayatollah Montazeri is an example of the combatant Ulama, who struggled decisively against the former regime and was drag-

ged from cell to cell, because he sought for righteousness and justice. He is an authority on religious and political matters. To clarify various viewpoints of the Islamic Republic, which have been distorted by dependent media, Kayhan International found it most appropriate to call upon

Ayatollah Montazeri, who kindly dedicated his precious and limited time for our readers. The text is as follows:

Q: In your view, what are the most fundamental problems with which the nation, the Ummat of Islam, as well as the responsible authorities are faced under the present conditions, and what actions should

be taken by either officials or the Muslim nation to solve those problems?

A: In the Name of God, the Compassionate, the Merciful,

Your question requires an all-embracing answer. Briefly speaking, our nation revolted and achieved victory two years ago at a fairly high cost. Our nation

should bear in mind that we had more than 60,000 martyrs, about 100,000 wounded and crippled and sustained billions of damages to bring the Revolution to victory. When a person paid dearly for something, he should safeguard it well.

Our revolution had a positive and a negative stage. The negative stage was that a deeply rooted 2,500 year old government supported by superpowers was overthrown by people. It was a very important work. The world did not believe that a 2,500 year old monarchy which held celebrations in Persepolis could be toppled by an unarmed empty handed nation. Overthrowing such a regime was something like a miracle.

3 or 4 years ago when this question was raised, it would be stated that such an overthrow was impossible and that it would be necessary to think in terms of reforms. But we saw that with perseverance and under decisive leadership of Imam Khomeini, the nation triumphed.

So much for the negative aspect, i.e. the overthrow of the regime. But more important than this is the positive aspect, i.e.

reconstruction of the country. There are two stages in a revolution: Negative or destructive, positive or constructive. When a house is not a good one, it is demolished to be built anew. In any case, demolition requires energy, but construction requires more energy, time and building materials.

In the modern world, the western countries such as the U.S.

made material advances themselves, but kept Iran and other countries in the Third World at a backward stage. The highest favor they would do us was to let us have assembly industries, but deprived us of basic ones which would make us self-sufficient. It would require a great deal of efforts on our part to rebuild our country.

We have land, water, mines and raw materials, but are short of skilled and enterprising manpower, because our universities were such that they did not train manpower to run industry and technology. Therefore, we have got to be very active in this field. As our revolution has triumphed, so the enemy is vigilant and has been filibustering for months, one of which being the imposed war by Iraq. By this means that they want us to concentrate on the war and to divert our attention from rebuilding of our country. But the nation must endure this situation until the end of the war and at the same time deal with reconstruction of the country. Attention should not be paid to the existing confusion only, because, faced with this opposition of the superpowers and the imposed war, shortages do inevitably appear.

Q: As we are in the week of the anniversary of the Revolution, we would like to ask about your views on the achievements of the revolution and the degree of its success during the last two years.

A: The least achievement is that you and I are sitting here together, you asking questions and I answering them 4 years ago we could not have such a get-together to ask and answer quite freely about shortcomings of our country. We did not have a free atmosphere without strangulation, whereas now we have. This is in itself a important gain. Moreover, there have been positive aspects during the past two years, e.g. drawing up a constitution, holding free elections for the Majlis, presidential elections, in short political aspects have been put in order. It required a tranquil atmosphere to draw up the constitution and to hold free elections.

Never during the past 70 years since the constitutional movement did we have such free elections. Perhaps, the first session of the Majlis has similar to this one, but I am not sure. Thereafter, the Majlis deputies were imposed, whereas this one is not the same. Anyone who claims that this

Majlis was imposed is telling lies. Everybody was engaged in election activities, voted and all votes were taken into account.

Many activities have been carried out in villages, the construction Jihad has done much work even in the remotest corners, e.g. it has build baths, installed piped water systems, supplied electricity. It is not fair to say that nothing has been done.

Rural roads have been built to a far greater extent than the former regime. But, as was said before, our greatest gain was the freedom to talk in a way that you and I are doing now which we did not enjoy, say 5 years ago. Incidentally, the cultural revolution based on Islam is a necessary thing. In case of some faculties, only professors must be gradually changed, and in the case of others, the basis must change, such as human sciences.

Q: In view of the fact that under the present conditions, reference should be made to the principle of *velayate faqih* (Imamati) (religious jurisprudence), will you please elaborate on this principle briefly?

A: We have repeatedly stated that when a government is formed, it sometimes seeks to administer a society and run its material life without any regard to any specific ideology. This is, perhaps, the case of some European countries, e.g. Sweden, where they are not particularly attached to religion, seeking merely to enjoy life and to have material well-being. In such places they desire the kind of freedom to vote for those persons who can provide them with their material lives. But some nations adhere to a line of thought and ideology. For example Communist China adheres to Marxism.

Therefore, they bring a government to power and administer the country on the basis of Marxism.

They put experts in this ideology in the position of power. Or in the Soviet Union, they bring Lenin to power because they believe that he can implement Marxist economy, or because Lenin is an expert in this ideology.

In our country, as we adhere to Islam and believe that our lives should be based on Islam, so the government should follow the Islamic instructions, whether in the field of economy, politics and criminal matters, etc.

Since we wish to follow Islamic instructions in every field, we wish the men in charge of the government to be experts of Islamic problems. We cannot expect men who are unaware of Islamic questions to administer the country on the basis of Islamic ideology.

Every task should be entrusted to individuals who are experts in those particular fields. An expert in Islamic questions is a *faghih*, who is well-versed in all Islamic principles. But being *faghih* is not enough by itself, because he may not enjoy people's trust, or may not practice Islam's rulings. Therefore, in addition to being *faghih*, he should be just and committed and should put Islam's tenets into effect.

Moreover, he should be familiar with current affairs, because otherwise he may commit errors in implementing Islamic principles. Therefore, the question of *velayate faghih* (religious jurisprudence) is envisaged in our Constitution, a *faghih* who is just, courageous, efficient, with administrative ability and familiar with current affairs. In this way, *faghih* is an expert in Islamic questions, just as Lenin, Stalin and Mao were experts in questions of Marxism.

There is a narration in *Usulo-e Kafi* (a book by Kuleini, a thinker and scholar, containing many authentic narrations, mainly attributed to Imam Ja'far Sadeq) to the effect that a scholar who is well-versed in the problems of his day will not be showered and faced by difficulties. It means that when problems arise, he can analyze them and find solutions for them. With such qualifications, a

faghih can derive general principles enunciated in the book of jurisprudence to conform with problems.

The phrase "*velayate faghih*", consists of two words, *velayate* meaning government, which should be based on Islam and *faghih*, meaning that the government should be headed by a just *faghih* who is familiar with current affairs. The Quran advises us to follow a person who knows the path and who can pass proper judgment.

According to a prophet's narration, a community should entrust its affairs to a person who knows more than others, not to someone who knows less. Otherwise that community's situation would deteriorate more and more.

Now that we want to implement Islamic ideology we must have an Islamic expert at the helm also well-versed in current affairs. He can use the services of specialists, e.g. as advisors or ministers. For example, a minister of finance is selected from among individuals familiar with economic problems; similarly, for the minister of commerce and others. As *faghih* is a wise and committed person, he entrusts tasks to those who can accomplish them in the best way possible. The basic principles of Islam can be put into effect by someone who is more expert in this field than others, while entrusting other specialized fields to various experts. This is what *velayate faghih* means. It is not to be thought that a *faghih* should necessarily have a turban on his head. An unturbanned person can be an expert in Islamic problems, likewise, a turbanned man may fail to be an Islamic expert.

Some people profess to be liberals, maintaining that they are free and do not adhere to any particular ideology. They say that they want the people to have decent means of livelihood, no matter if they are Muslims or Marxists. To make such remarks and to say that it would not matter if a person is an expert in Islamic problems or not, would mean western democracy.

But we have supposed that the majority of the Iranian nation,

and that of Islamic countries support and adhere to Islam. Islam does not confine itself merely to the question of worshipping, like Christianity which only seeks to regulate relations between man and God.

Islam has laws and regulations in all fields, e.g. in economy, politics, and criminal matters. As the majority of the population adhere to Islam, we cannot allow a liberal government to come to power that wants to provide material means and that is not concerned with any particular religion. Western democracy does not suit us. We want justice, but under Islamic laws and regulations.

The Soviet Union that wishes to administer the country on the basis of Marxism and Marxist economy, puts the experts in charge. Similarly, now that our country follows Islamic ideology, we must, as stated before, put in the position of responsibility a just and committed *faghih* who is also cognizant of the current affairs to be able to conform general principles with topics of the day.

Now a question arises here, as to how we can be sure who that such and such person is a more knowledgeable *faghih*, because people's opinions are different. Here *faghis* themselves have put forward a rational suggestion in their practical theses. If you want to make sure who the best expert in any field is, you normally ask two experts you already know. For instance, when you want to recognize the best cardiologist you ask two doctors whom you trust. Similarly when you desire to find out the just, most expert *faghih*, you can refer the matter to two well-known and trusted *mullas* and ask them the question. When they consider that such and such person is more knowledgeable, you can accept their view. People who are experts in a field can weigh up and recognize their colleagues.

Now the same question detailed in practical theses has been incorporated in the constitution. When a just and expert *faghih* dies, and a competent leader is to be

chosen, then the question will be put to inhabitants of villages, towns, cities and provinces to vote for people they consider experts in Islam. In this way a committee of experts will be elected, which will elect, either from among themselves or from outside, a person it considers the most knowledgeable and just expert. The person thus elected will be the leader. How is the leader elected? By a group of experts. How is the group of experts elected? By people's direct votes.

In this way what has long been explained in practical theses, regarding the more knowledgeable mujtahed (well-versed in religious matters) being chosen by the experts has been incorporated in the constitution, i.e. the Assembly of Experts. Therefore, the principle of *velayat-e faqih* is one of the requisites of Sh'ite. The leader is freely chosen by a group of experts who are freely elected by the people. There are, therefore, two stage elections, after which the leader is chosen who will then oversee the entire governmental administration and who will appoint the Council of Guardians that makes sure the laws ratified are not contrary to Islam.

Q: On what bases should our relations with foreign countries be established and, in general, what criteria should be taken into account regarding foreign policy?

A: "Allah does not forbid you respecting those who have not made war against you on account of (your) religion, and have not driven you forth from your homes, that you show them kindness and deal with them justly; surely Allah loves the doers of justice." (Quran, 60, 8)

We should have relations with Islamic countries on the basis of Islamic principles, provided their governments are popular.

In other words, we should not have differences with other Muslim countries, as Islam belongs to all Muslim nations, not to Iran alone. But as regards with infidels, or non-Muslims, the above Quran verse sets certain limits. It says that if they do not oppress you, violate your rights,

do not drive you out of your homes and if they do not interfere in your economic matters, then establish friendly relations with them and treat them with justice.

In principle, God's pleasure is administration of justice even with infidels. It says that God does not forbid us to treat equitably and justly those who do not declare war on us, drive us out of our homes, as God loves the just people. Therefore, we can maintain friendly relations with infidels and treat them justly provided they do not show cruel acts towards us. But if they want to violate our rights and to have oppressive relations, such as the U.S., that seeks to control our economy, or other countries that wish to grab our oil and gas by force, then in such cases, we cannot hold friendly relations with them.

In short, the Quranic *adab* should be observed to the effect, that neither an oppressor nor an oppressed be. As far as foreign policy is concerned, we stretch hands of friendship to any country that does not intend to have oppressive relationships with us.

Q: How can we obtain arms from some countries, while maintaining the policy of neither east nor west?

A: If a country wants to buy us up and give us arms, we shall not agree to that and shall not sell ourselves. But if it wants to give us arms in return for money, at our own free will and without any imposition, there will be no objection to that, we will buy arms and must do so. But at the same time we should not always set our minds on purchasing, but must endeavor to produce ourselves. In accordance with the Quranic verse, it is our duty to amass power against our enemy. We should set ourselves the task of producing the arms. But now that we cannot do so, we purchase them, either from the East or West, provided they do not buy us up. There is no objection to that.

Q: In his 22nd of Bahman message, Imam referred to the support that should be given to liberation movements. Can you give us guidelines as to the kind of relations to be established and the

kind of support to be given?

A: In my speech in A'azam Mosque the day before yesterday, I said that, according to Islam, the motive of war is based on the following verse of the Quran: "And what reason have you that you should not fight in the way of Allah and of the oppressed among the men and the women and the children (of) those who say: Our Lord! Cause us to go forth from this town, whose people are oppressors, and give us from Thee a guardian and give us from Thee a helper." (Quran, 4, 75)

It asks us why do we not fight for the cause of God and for the *mostaz'afin*? The cause of God would mean for the propagation of *towhid* (oneness), because some people are atheists, so we should save them from atheism and bring them back to *towhid*. It should also be noted that *mostaz'af* is different from weak. A weak person is one who is inherently incapable of doing anything, whereas *mostaz'af* is one who is capable but has been held back by force and his strength has been taken.

God ordains us to get engaged in the crusade for the cause of the *mostaz'afin*, i.e. to fight against the *mostakberin* (affluent, arrogant), to remove the latter and replace them by the former. All nations desire justice and righteousness but are prevented by the arrogant.

It is a general situation in every country, a thousand people stop and suppress millions. In Iran, for instance, Mohammad Reza, Nassiri and Hoveida should be pushed aside so that the nation can feel free and find its own way.

In any country, there are *mostakberin* in charge barring the *Mostaz'afin* from treading along the path of justice, and to achieve their rights. Therefore all *mostaz'afin* should close their ranks and help one another. The Iranian nation is duty bound to assist the *mostaz'afin* of the world, in manpower, arms, money, etc., so that they can counter the *mostakberin*. The Iraqi Muslim nation is caught in the web of Saddam's taghoot, so we should help it as much as we can. This duty is dictated by our

conscience, religion and by the above verse of the Quran. Any nation fighting against the most-ahlees (affluent) for its survival should be helped.

Q: Will you explain about the conduct of war and say in whose interests the final outcome will be?

A: You know, we are not inherently warmongers, but if war is imposed on us, we should defend ourselves. Of course, we should help Iraqi most-ahlees; but we did not seek to be involved directly against the Iraqi government. It was this government that attacked us, therefore, our foremost duty is to rescue ourselves as well as the Iraqi people from the evil effects of the Ba'athist government. For us, there is no difference between Iranians and Iraqis, as both nations are Muslims. We should make efforts so that not only our territory is evacuated, but Saddam's regime is overthrown. I should thank all brothers and sisters in towns and remote areas who deny themselves of amenities of life and send food, clothing and other necessities to war-stricken people. If our army and guards weather the storms and win the war, they should not be unduly prodded, because they were helped wholeheartedly by the entire nation.

CSO: 4920/66

AYATOLLAH NURI EXPLAINS ISLAMIC CONCEPT OF STATE

Tehran TEHRAN TIMES in English 30 Mar 81 p 3

[Text] Accountability

In that glorious epoch, the Muslims used to express their views freely in matters of administration and demand explanations from the ruler concerning his decisions and policies. Muslim citizens warned the government when they detected some error in state policies. If the warning proved to be ineffective, they tried to force the rulers to observe Islamic norms and in extreme cases, even overthrew the government. 'Umar I, the second Caliph, in an address to the people commanded them to put him on the right path if they found him in error. One of his listeners rose up and said: "We will make you return to the right path even if we have to use our weapons".

'From where did you get it'? Muslim rulers used to pose this question to their officials in respect of their property. Explanations were demanded from governors accused of corruption, and if the accusations proved true, their property was in some cases even confiscated and resumed by the government.

An Islamic government has a number of distinctive features that set it apart from all other political systems.

(a) The Islamic state is founded on an ideological basis in which an individual's geographical, national, ethnic or linguistic background does not play any part. Asiatic or European, Oriental or Occidental, white or black make no difference. People may come with different linguistic, racial, or national backgrounds, but if they share the beliefs of Islam they are members of the Islamic Umma. This distinctively Islamic. [as published] Usually states rest on geographical, racial or linguistic foundations. Their vision is limited to national or tribal interests, while Islam considers all humanity as one and believes in high human ideals that transcend the customary limits so evident in the modern concept of state.

(b) The state in Islam is unequivocally opposed to burdensome bureaucracies, ceremonies, pomp and splendour. It is opposed to palaces, guards and escorts. Once the supreme leader of Islam, the Prophet Muhammad (p.b.u.h.) passed through a crowd when some people stood up in reverence and behaved as they do in the presence of mighty rulers. The Prophet was perturbed. He emphatically forbade such sort of reverence, saying that anyone who tried to show him respect in this

manner would be thrown into Hell. 'Ali, the great Muslim leader, explicitly and repeatedly warned Muslims not to behave before him or his governors as other people do in the presence of their rulers, bowing before them, showing their humility to them, singing their praises or touching their feet.

All of us are servants of God and should humble ourselves before Him alone and pay tribute to Him alone.

During his rule, 'Ali never built a palace or a mansion. He lived very modestly. 'Uqba narrates:

"Once I visited 'Ali. He was eating stale bread. I exclaimed, 'O Prince of the Faithful! this is what you take for food!'"

'Ali said: "O Abu Junub (kunya of 'Uqba), the Prophet used to take simpler food and to wear poorer clothes."

'Ali repeatedly warned his officials against pomp and ceremonies. He sent numerous directives to this effect. If some official violated these directives, 'Ali admonished him or even relieved him of his authority. Some of his directives read as follows:

"Do not use guards or escorts. People should have access to you, so that you may be informed about their needs."

"Discuss matters with men of intelligence. There should be no medium between you and the common people except your tongue, and no chamberlain or guard except yourself. Never deny an interview to one who seeks it."

"O son of Hanif (Governor of Basra) I have come to know that a wealthy Basrian invited you to a party and you were quick to attend it. Delicious dishes were served to you and you were entertained with pomp and show. It never occurred to you that you were accepting the invitation of a person whose entertainment is only open to the wealthy while the poor are chased away. Behold! your leader (meaning himself) is content with two old clothes and two pieces of stale bread out of all that this world could offer him. I know that you could not be like me, but at least try to follow my example to some degree and resist the temptation to indulge in wordly matters. I swear by God! I have not collected any wealth from your world, nor have I indulged in its vanities..."

(c) Because it eliminates ceremonies and bureaucratic machinery and because it appeals to the faith of the people, as discussed (earlier) the Islamic government needs only a modest budget to run the country. It is the most expensive form of government. Its religious incentives cause people to work for it voluntarily. It avoids extravagance and misuse of public funds. True Muslim governors are extremely careful not to waste the national wealth and are extremely scrupulous in matters of governmental expenditure. 'Ali, whose reign is considered by the Shi'ites as an ideal example of Islamic rule, wrote to his officials:

"Make reed-pen sharp (so that your writing requires less paper); do not leave much space in between the lines, and do not write unnecessary things. Do not be extravagant as the public treasury cannot bear it."

(d) Another eminent feature of the Islamic government is that its major concern is not economics, divorced from the guidance of its citizens and the actualisation of their human and moral potentialities. The Prophet declared that the greatest treason to the nation is committed by those rulers who instead of offering guidance assume the role of businessmen, extracting money from their subjects. 'Ali instructed his viceroys to keep a close watch over their fellow-officials through an intelligence system and to relieve them of their authority and punish them if they were found to incline towards accumulating wealth.

'Ali himself always kept an eye on his officials and was severe in punishing the corrupt. In this matter, he was absolutely uncompromising.

(e) Another distinctive feature of the Islamic state is the emphasis which it lays upon the character and moral qualities of its officials. The main object of the Islamic government is to implement social justice, uproot evil and accelerate moral and spiritual growth. Therefore, its governors should possess exemplary moral and religious qualities so that they may without hypocrisy devote themselves to these goals. 'Ali reminded his officials of these objectives in a number of directives.

In one of them he states: If you are sure that you are on the right path, do not be afraid of being alone, even if no one praises or thanks you. Do not be tired of doing what is right and just. You should know that as a government we are pursuing nothing but the fundamental objectives of Islam, the promotion of right and justice, and the extermination of evil and injustice. Do not waver from this task.

(f) A truly Islamic state is free of trickery, deception and duplicity, elements so obvious in the international politics of today. The policies and methods of the Islamic government should be straight-forward, honest and fair. Machiavellian methods of statesmanship, deceit and diplomacy are anathema to Muslims whose sole purpose is to implement and spread the message of Islam and to guide society towards religious and moral excellence.

Some one told 'Ali that Mu'awiyah was a clever politician.

'Ali retorted: He is not clever than I. The difference is that he does not hesitate to employ any means to attain power, while I abstain from doing so. Had deception and trickery not been evil, inhuman and ignoble, I would have been the craftiest politician on earth.

'Ali always instructed his officials to avoid guile and deception in achieving their ends. If duplicity was noticed on the part of any official he at once relieved him of his duties. The rulers of the Islamic state are entitled only to employ legitimate means for the attainment of legitimate goals.

These are some of the salient features of an ideal Islamic government.

Is an Islamic State Possible

Some Muslim thinkers hold that it is very difficult to establish a true Islamic government in modern times. But it is not an impossible task. The advancement

of human culture and the disillusionment of humanity will make people greet with enthusiasm an Islamic government once it has been established. Muslims need only be awakened and united to throw off the yoke of political and cultural subjugation to the West or the East or Communism and return to the true values of Islam. But the task is made difficult because modern Muslim governments are servants of foreign imperialist powers and serve their interests. This fact should not cause and spread despair. We pray to God O God, we seek from Thee a blessed state which may be a source of encouragement for Islam and Muslims and a deterrent to those whose intentions are malefide. Grant us such a state and make the people to obey Thee and guide them to Thy path, and by means of that state establish us in Thy grace and mercy in this world and Hereafter,

Comparison

Below, we give how far Islam approves or disapproves of other political concepts. We also give a brief description of these concepts so that the reader may be able to discern their Islamic and non-Islamic elements.

Absolutism (Total Disapproval)

Absolutism is another name for despotism in which one man has unlimited political power. In Islam, the powers and rights of rulers are subject to the law in all respects. Autocracy, despotism, dictatorship and absolutism all signify the same mode of government, a mode which is anathema to Islam.

Anarchism (Total Disapproval)

Anarchism is the theory that formal government of any kind is unnecessary and wrong in principle. The word 'anarchism' is derived from the Greek 'arch' meaning 'rule'. Anarchy thus means the absence of any rule. This theory considers government to be the root of all evil in society. As mentioned at the beginning of this paper, Islam is totally opposed to anarchism. Society cannot be sustained without rule and order. Political power is not an evil in itself, but the abuse of political power is.

Opportunism (Partial Disapproval)

Opportunism signifies the policy of adapting one's actions and utterances to the prevailing circumstances in order to further one's immediate interests without regard for basic principles or eventual consequences. The Islamic government is not based on opportunism and unprincipled behaviour, but this does not mean that it does not take changing circumstances into consideration or avail itself of present opportunities, or that it is rigid in those policies which do not affect basic principles. Thus Islam is only partially opposed to opportunism.

Aristocracy (Total Disapproval)

Aristocracy, also known as oligarchy, is the rule of a privileged class. In an aristocracy, power is held by an upper class or minority, usually possessing inherited wealth and social status. In our age, some Communist and Western countries have such a government. In an Islamic government the law is supreme,

and not any select section of society. Moreover, Muslims are equal before the law. So hereditary nobility is impossible. Muslim rulers consult their people while oligarchs do not.

Equalitarianism (Partial Disapproval)

Equalitarianism is the belief that all men should have equal political and social rights. Islam supports these principles, but it does not support total freedom and libertinism. Equality must be established by law and it must not transgress the law.

Imperialism (Total Disapproval)

Imperialism is the policy and practice of forming and maintaining an empire. Imperialism is also characterised by a struggle for the control of raw materials and vast markets, the subjugation of foreign territories and discrimination against weak nations and the establishment of colonies and expansionism. Islam is totally opposed to this policy.

Internationalism (Partial Approval)

Internationalism as opposed to nationalism, rejects territorial distinctions and the pursuit of national interests which divide humanity. The goal of internationalism is universal cooperation for the common good and a just world government, because the Islamic states rests upon ideological foundations, not upon race, colour, language or national boundaries. Islam is international in its own unique way.

Individualism (Partial Approval)

Individualism as opposed to collectivism holds that the state exists for the individual rather than the individual for the state. The welfare of the individual and his interests should precede the welfare and interests of the group. Individual freedom should not be restricted by governmental or social norms. A man should be given total freedom and should be his own judge in economics, it favours the laissez-faire policy of unlimited right of private ownership unrestricted by public interests. In Islam it may happen that the collective interests of society are considered more important than an individual's interests. Therefore, Islam disagrees with individualism.

Pacifism (Partial Approval)

Pacifism is the cult of peace and total opposition to war or the use of force. It insists that all objectives be attained and all disputes settled by peaceful means only. Islamic ideology accepts that peace is the best course. But it holds that presecution is worse than bloodshed. [as published] It is a strong supporter of peace and abhors war but it resorts to war when no other alternative remains. Therefore it supports pacifism only on a qualified and restricted basis.

Pragmatism (Partial Disapproval)

The word 'pragmatism' originates from a Greek root meaning 'business' and has come to signify an attitude which judges all acts and concepts by their practical

results. It is more moderate than 'secularism' which concentrates only upon this world and considers other concerns trivial or false. Islam rejects any view which considers exclusively only this short span of physical life. It does not confine itself to this life alone but strives to attain salvation and the favour of God in the Hereafter also.

Plutocracy (Total Disapproval)

A plutocracy is a state in which the wealthy rule and concentrate political power in their hands. In Islam divine law is supreme, not any group of men...the Qur'an declares the concentration of political power in the hands of the wealthy as a prelude to a society's ruin.

Tyranny (Total Disapproval)

Tyranny is the oppressive rule by one man, a rule based on despotism, suppression, cruelty and injustice. The Islamic government must rest upon the foundations of justice and mercy because our faith totally disapproves of tyranny.

CSO: 4920

MOSLEMS URGED TO EXPAND REVOLUTION

Tehran TEHRAN TIMES in English 5, 6 Apr 81

[Two part report on interview with Ayatollah Montazeri, by Ali Sobhani, date and place not given]

[5 Apr 81 pp 1, 3]

[Text] QOM — Islam as a Third Force should liberate all oppressed Moslems and other people throughout the world to crush the adverse influences of and defeat the two Superpowers, said Ayatollah Hoseinali Montazeri.

In an exclusive interview with the TEHRAN TIMES, the Friday prayer Imam of the holy city of Qom said that Iran's revolution and the religion of Islam are synonymous with each other.

The Ayatollah then passed a religious commandment that as such the requirement to recognize and then extensively propagate Iran's revolution and Islam is an absolutely essential duty and religious order to be actively undertaken by every Moslem on earth.

Montazeri said that following our revolution, the Superpowers saw Islam emerging as a Third Force that threatened their selfish interests all over the world and created an awakening in other nations to live independent of the plundering of their lands and resources by the Superpowers.

They feared that the revolution would propagate to other nations and their domination and, therefore, they mobilized all their resources to undermine the revolution, he said.

But their propagandas

should be thwarted by all Moslems of the world and the Moslems should seek information on our revolution which is Islam in itself and they should propagate it into their own lands, the Friday prayer Imam added.

He said that the United States and the Soviet Union have mutually agreed to crush this Islamic Revolution in Iran by bulldozing their way into the international public opinion and the Moslem world by waging distortive, lethal propaganda against the Islamic Republic.

Montazeri said such joint conspiracy by the Superpowers, especially and practically undertaken by Zionism and American imperialism, is launched to defame the face of our revolution to stop its infiltration outside Iran.

He said the Superpowers have resorted to these notorious tactics to deceive other nations that it was not possible to live independent of their influence and control on the destiny of other nations.

The goal of such a joint propaganda also derives from their fear that Islamic Republic might practically prove to the world that it was possible to live independent of the Superpowers, Montazeri said.

The clergy leader said that one of the biggest fears of the Superpowers is that the success of the Islamic Republic

and the call of Islam will unite all the Moslems of the world against the criminals and plunderers.

All Moslems should comprehend and accept the fact that our revolution is Islam and Islam is revolution and should thwart the domination of the plunderers of the lands of the Moslems, the leader added.

The Superpowers also feared that the awakening of the people particularly in the African region, Middle East, and the Third World countries might endanger their own interests in those areas, he continued.

He then added that these nations should strive to put their awakening into practice and liberate themselves of the oppressors.

Montazeri did acknowledge that it was a fact that Islamic Republic should propagate its revolution and Islam to other countries but it was

also the duty of the Moslems and other nations to gain information on our movement.

The clergy also stressed that "export of revolution"

does not mean "occupation of other countries" but it means "introduction of revolution".

Since our revolution is an Islamic one and we believe it to be the Right, he continued, the Right should be introduced by and to all.

It is our duty to introduce the revolution to other countries and nations so that they liberate themselves of the clutches of the Superpowers who are blocking the progress of Islam, Montazeri said.

"This is the meaning of introducing Islam and Revolution," he emphasized. "Islam in itself is a revolution in which triumph of the oppressed ones over the oppressors and the rule of the Mostazafin over the Mostakberin is called for."

"This is the logic of Islam," he added.

The Friday prayer Imam, therefore, invited all Moslems to consider that the Superpowers are plundering their lands and resources and sent forth a genuine plea for Moslems to awaken from their slumber and immunity against these oppressions.

"It is our duty to warn the Moslems that their rights are

being violated! Defend your oil, your wealth, and your resources. Wake up," he said. "The West and the United States are looting you and also dominating on you."

"Realize these facts and wake up from the sleep of ignorance," Montazeri cautioned, "this slumber is imposed on you as an effect of that distortive propaganda against our revolution and Islam which tries to convince you of something that is contrary to the facts."

The Ayatollah also said that major part of the world is publicizing against Islamic Revolution but the whole world cannot be condemned for being against our Islamic regime.

He said that those countries who are undertaking such campaigns to undermine Islam are themselves imperialistic and/or are puppets of imperialism.

Montazeri said that, in view of these propaganda campaigns, all Moslems should understand that they should at

ways stand for the Right and the Just and provide their support and assistance to the oppressed people.

"We are disheartened and sad of the heads of the Islamic states because they are somewhat restored to power and controlled by those very East and West Superpowers, mostly the West.

"Now, it is the duty of the Moslem nations themselves to act on their Islamic duty," he added, "there should be no excuse for inaction and impotency anymore."

[6 Apr 81 p 1]

(PART-II)

QOM — The grounds in African Continent are ripe to introduce Islam and all Moslem sects should unite to get Africa before Communism engulfs the African minds, said Ayatollah Homeinali Montazeri, and if we hesitate to propagate Islam in that Continent then Communism will get Africa.

In an exclusive interview with the TEHRAN TIMES, the Friday prayer Imam of the Holy City of Qom said that all sects of Islam, particularly Shi'ites and Sunnis, should unite together on the basis of common grounds they share.

The ideological differences of Moslems should not get in the way of their common cause and should not become the cause of war, disputes and confrontations which will handicap Moslems primary duty to propagate Islam, Montazeri said.

If Moslems do not overcome their differences, he added, the Superpowers will overcome the Moslems.

When asked to express his opinion on the different sects of Islam in the world, such as Shi'ites and Sunnis, the Ayatollah said:

In Islam, unity is emphasized upon. Of course, every man following a religion regards his own religion as the right one. I am a Shi'ite and regard my religion as the Right and Just. Others also do the same, he said.

But despite this philosophy, we Sunni and Shi'ite Moslems have very great com-

mon grounds of faith. We Moslems share the essence of faith in our acceptance of Qoran, Prophet, and the Orders as well.

On basis of this common ground, we should be coordinated united, and mutually

march forward to introduce Islam to the whole world, especially the African continent.

Even though differences between Moslems exist but this difference should not become the cause of war and confrontation and the like and as Qoran has said: All should cling to the rope of God to fight for God and should not be divided.

Even though each Moslem sect regards its own philosophy as the right one but, simultaneously, this should not become a handicap and the reason for inaction where joint action of all Moslem sects are required.

Therefore, emphasis should be placed on those common grounds all sects share and the ideological differences should not lead to war and quarrels between us Moslems.

As they have recently said in Taef's Conference, their aim is to create differences between

Shi'ites and Sunnis in Iran. This is overall policy of the Superpowers so that they reap the rewards of the discord they sow.

England did the same in India and created differences between Moslems and Hindus. They also raised issues which even sowed discord between Shi'ites.

In my opinion, this policy does not have any fresh dimension to it, or to say that the West was the architect of this policy. No. This policy existed even during the period of our Prophet (S.A.W.).

We should forget our differences and it is the duty of Islam's clergy leaders to infiltrate Islamic ideology in African Continent. We should not insult the sacred posts and ranks or the leaders of other sects and religions.

Do not insult each other.

It does not mean that you have Faith. In Siffin War between Hazrat Ali (the first Shi'ite Imam) with Mu'awiye, Ali's associates abuse and utter bad words about Mu'awiye.

But Hazrat tells the abusers: I do not like that you speak bad words. Abusing is a weapon of the helpless. Speak to them with logic. Therefore, insulting the sacred ranks of each other's religions is a crime because the Moslems need unity of word now.

BRITISH ORIENTALIST PRAISES KHOMEYNI

Tehran TEHRAN TIMES in English 30 Mar 81 p 2

[Text] Capitalism and Communism with all their power and advanced technology, not only are unable to resolve the world problems but are taking mankind toward nonexistence, said John Webster, the famous orientalist addressing a huge gathering of Moslem and non-Moslem students at a University of London yesterday. [as published]

John Webster, a Christian who converted himself to Islam 20 years ago said that "any man who wants to find happiness and prosperity and wishes to transform himself into a real human being in the sense of deeds and being should follow God's way, because whoever thinks about God not only will become a spiritual man but will gain the power and ability to face difficulties. [as published]

As the great nation of Iran, which with the hardships of Imam Khomeini was able to overthrow an evil and savage regime like that of the ousted shah and his mother the U.S. imperialism, the oppressed people of the world are able to annihilate their oppressors if they become Moslems because Islam fights racism, addictions, prostitution, and aggression decisively, added Webster.

John Webster has done an immense research about different philosophical ideologies of the world. Before taking refuge in the bosom of Islam Webster turned to Communism and became a member of the Communist party of England. [as published] But failing to find the true essence of peace or morale in the concepts of Communism finally found his goal in Islam and since has been trying hard to spread the word of Islam throughout the world, concluded the report.

CSO: 4920

GOVERNOR DESCRIBES WAR'S EFFECTS ON KHUZESTAN

Tehran KAYHAN INTERNATIONAL in English 30 Mar 81 pp 1, 3

[Interview with Governor-General Gharazi]

- [Text] — *Following the victory of the Islamic Revolution it soon became apparent that Khuzestan is a part of it and that there exists a large revolutionary force which only needs to be organized.*
- *The Governor-General's Office has focused its attention on revolutionary organs instead of the bureaucracy which was relatively apart from the revolution.*
 - *Our enemies must realize that every inch of Iran is a Black Friday and everyone of its cities is another Khuninshahr.*
 - *In Khuzestan the war has integrated into the lives of the people and the people live with the war and fight.*
 - *Other cities of Khuzestan and its people have warmly received the war-stricken and have treated them like their brothers and sisters.*
 - *Rather than fighting our forces the enemy concentrates its missile and artillery attacks on our civilians.*
 - *Khuzestan is a Karbala all over, it has both a Hossein and a Zainab.*
 - *The enemy easily places our towns under artillery attack but although we have easy access to a number of Iraqi towns we have never, even once, made these towns targets of our attacks.*

TEHRAN, March 17 (Pars) — The following is an exclusive Kayhan International interview with Mohammad Gharazi, the Governor-General of Khuzestan Province.

Q: Could you give us an overall view of the conditions in Khuzestan, in regards to continued plots

and disturbances prior to the start of the war and after the revolution?

A: The tactics of counter-revolutionaries, in regards to the Islamic Revolution follows the same policy nationwide, but due to geographic considerations, the manner of executing this policy differs. Their objective is to dis-

credit the popular characteristic of the great revolution. The first time that counter-revolutionaries show their face is the Gombad incident, which is a small military attack. The next incident involves Naghadeh and this time the attack is a little more organized. The next attack is a little more organized. The next attack is on Mahabad base, which is followed by the attack on Samandaj. The policy of counter-revolutionaries is to constantly attack different parts of the people and try to separate them from the popular revolution.

The enemy has used armed insurgents in these attacks from the tactical and political approaches. The Kurdistan affair also encompasses these two approaches. The enemy tried to say that the Kurds do not have much dependence on the Islamic Revolution, but rather have a nationalistic movement much more powerful than the popular movement, once this political maneuver turned into a military confrontation we witnessed that it melted like snow and the whole affair was dissolved. The reason for the defeat of this movement was the enemy's lack of financial resources in regards to recruiting soldiers to fight the revolutionary forces. The enemy considered Khuzestan as an easy prey and thought that by instigating political plots and disturbances, it could master a strong counter-revolutionary force, composed of our Arab brothers, the first con-

lict concerned the question of Al-Shobari and this issue turned into an armed conflict. This showed the enemy that it could establish a base in Khuzestan. After seven or eight months had passed since the revolution, the enemy had succeeded in establishing a military base in Khuzestan.

However, their movement could not be as quick as it was in Kurdistan, because there, (Kurdistan) the cultural dimensions in regards to the Islamic Revolution were somewhat weak. This condition did not exist in Khuzestan and the cultural ties of the people with the Islamic Revolution was strong. The counter-revolutionary elements in Khuzestan, after fail-

ing to build a political base resorted to a military position and staged attacks on the oil industry. Because they thought that, this industry would best serve their means of propaganda amongst the people. The first actions taken by counter-revolutionaries in Khuzestan showed that they benefitted very little politically. After a little while, a Revolutionary approach along with the people of Khuzestan was carried out.

Approximately, from the beginning of 1358, in less than two months, all counter-political and revolutionary activities in Khuzestan, were subdued by revolutionary brothers, who had been

active in the revolution for a long time. Our revolutionary brothers in Khuzestan benefitted from a simple political power entrusted in them and his political force was able to completely solve the question of counter-revolutionaries in Khuzestan.

By the end of 1358, these problems were lowering in Khuzestan: pipeline explosion so-called workers' strikes etc., and unemployment. Moreover, the counter-revolutionary forces were able to claim that order cannot be reinstated in Khuzestan. In Tehran it was felt that Khuzestan has not accepted the authority of the Revolution. But when the revolutionary forces were able to seize a part of the political power, they were able to solve a great many of these problems.

The number of pipeline explosions were reduced from one per week to one per month since the beginning of Khordad of 1359. The unemployment problem was solved to some extent and the expansion of revolutionary forces rapidly took place. In the 9th of Khordad of 58, during the Al Shobari problems, there were maybe 200 people killed. But a year later, on the same date, the counter-revolutionaries were not even able to issue a single statement. This does not mean that they did not have the technical means to do it, rather it signified that they had lost their political power.

One reason for enemy plans to attack Khuzestan lies in the fact that its indigenous base in Khuzestan had been completely smashed. In any case it soon became apparent that Khuzestan is part of the Islamic Revolution, and moreover that there exists a large revolutionary force in Khuzestan which only needs to be organized. When this organization was achieved all the problems were solved. You may have heard that the anti-revolution had renamed Masjed Soleyman, Moscow Soleyman. They made it appear as if this city was different from all other cities. But you can now observe that in relation to the vast problems of war and the war-stricken people, there is not a sign of anti-revolutionary activities. So I emphasize that the masses of the Muslim people are faithful to the revolution, and that enough revolutionary forces exist in the area for the propagation of revolutionary goals. If there ever were any doubts about what I have just said, the heroic resistance of the people of Khuzestan, during this war must have dispelled it.

Q. Do you think that the governorship of General Madani helped the growth of anti-revolutionary forces or did it temporarily stop them?

A. Madani, with his intellectual and subjective tendencies, tried to govern Khuzestan through reliance on sheikhs, capitalists and landowners. And this was the reason for the rapid growth of anti-revolutionary forces during his reign. Madani relied on people who had a very corrupt background and had no faith in the revolution. In the face of this condition, the revolutionary forces broke away from him, and the anti-revolutionaries found a good occasion to become active. 1

Madani had not, from the beginning, used opportunism to help the reactionary forces stay in power, we would not have any problems in Khuzestan. This was the main problem which served Madani a great deal later on.

Q. The previous governor-general Madani, used to claim that close cooperation between the various government with the revolutionary organs is impossible, can you clarify the relationship between these two during your governorship?

A. The governor's office, during my time, has, above all, tried to activate the revolutionary forces and organs such as the Islamic Revolutionary Guards, Jihad, Housing Foundation, revolutionary courts and other revolutionary forces. In other words instead of concentrating on the government bureaucracy which was relatively apart from the revolution, we have focused our attention on the revolutionary organizations which have grown from inside the revolutionary process.

When these organs became active, the situation changed, cities began to be run by revolutionary local governors, and the bureaucracy started to function properly. During this war, the influence of revolutionary organs has grown to such an extent that they have even been able to penetrate the Armed Forces too, and thus combine the military expertise with what I call expertise of the masses. And this has proved exceptionally valuable.

A. What have the revolutionary organs done in terms of the reconstruction of Khuzestan. In your opinion have they been successful in their efforts?

A. You better ask this question from those organs themselves, since they are much better informed about the nature of their achievements. What I can add is that they have carried a heavy part of the war burden. They have unceasingly helped their brothers in the military, and I can even say that during the first few months of the war the main burden was distributed primarily among the various revolutionary institutions.

Q. What has your office done in preparation for the prolongation of the war? And what have you done to overcome the problems concerning the lack of coordination among the various forces at the battlefield?

A. During the first two months of the war, for a variety of reasons, the main burden fell on the governor's office and the revolutionary institutions. Thus, it was very difficult to deal with the side effect of the actual war itself.

The much talked about lack of coordination was the result of, on the one hand, lack of prior preparation on our side and on the other hand the enemies all-around attack. In those days, every few hours, there was news concerning the possible fall of a city or the take over of village and so on. And of course, when the enemy was stopped along a vast defense line, the real coordination became possible. Now the burden of the war efforts has been divided amongst the Armed Forces of the Islamic Republic and the Revolutionary Guards. So now, we can properly cooperate with them, on the condition that our defensive lines remain stable. If they change, there will, of course, be some disorders.

Q. It is said that you have been a witness to the heroic battle of Khuninshahr. If possible can you describe certain aspects of what you saw there?

A. If somebody is interested to really witness the courageous battles of our brothers in Khuninshahr, he must come to Abadan and witness the amazing heroism that is now taking place there. In Khuninshahr, there was a period when we had very few tanks, and the enemy had a division firing on us. The enemy brought all its weaponry to the center of town, four times. However, the brave people of Khuninshahr destroyed all the enemy's armaments. At one time, 40 Iraqi tanks reached the railroad station, but our brothers destroyed all 40 tanks. There you could really feel the revolutionary zeal of the people. The ulema from different towns, the revolutionary Guards, the Armed forces and the rest of the people carried out a fierce house to house battle with the enemy. I specifically remember an alien from Khorramabad, very active in the fronts, who fought against an enemy tank with a pick-up truck. One night while I was in Khuninshahr, he was martyred in his trench. Our brothers of Khuninshahr are in Tehran now, living in camps, and the disabled, who have given the revolution everything, are being taken care of. We must do more work at Khuninshahr and we must think more about the sociology of this city. Our enemies must realize that every inch of Iran is a black Friday and everyone of its cities, is another Khuninshahr.

Q. What is the present condition of Khuninshahr?

A. A large part of the city is in the hands of the enemy. The eastern section of the city and east Karoon are in our hands.

The western section of the city encompasses 75 percent of the total area of Khuninshahr. The large and essential facilities, like the post, the railroad, factories, bazaar and the main buildings are located in the western part of the city.

Q. What is the present condition in Ahvaz and the overall condition of the southern fronts?

A. The war has lost its surprising and imposing nature. The blitzkrieg attack is no longer to be feared. In Khuzestan, the war has integrated into the lives of the people and the people live with the war and fight. The enemy tries to exert political pressure rather than pursuing military advances. Rather than fighting our forces, it concentrates its missile and artillery attacks on our civilians. The present situation in Ahvaz is that the people live in the city during daytime and at nighttime, they leave the town and live in areas where enemy missiles will not be able to harm them. The condition of the war cannot be calculated in relation to the people. The people have shown that they will persevere and will stay in order to achieve their ideals and aims. Other cities of Khuzestan and its people, although they are not in direct pressure of the war, have warmly received the war stricken and have treated them like their brothers and sisters. Khuzestan is a Karbala, all over. It has both a Hussein and a Zainab.

Q. How do you see the situation of the Iraqi people and government?

A. Maybe prior to the Iraqi attack, it was hard to make our Iraqi brothers understand the meaning of a humanitarian revolution. But now this question is easily understood by the people of the region. You know that we do not receive arms from anywhere and do not have ammunition and provisions from this place and that like Iraq. But we are engaged in a war with a 1,000 kilometers front. The great

Rommel battle in North Africa covered a mere 80 mile border yet we have calculated the ability of our masses to persevere. The people of the world evaluate us in regards to our ability to conduct a military attack. The enemy can easily place our towns under artillery attack but although we have easy access to a number of Iraqi towns, we have never, even once, made these towns the targets of our artillery attack.

The most important revolutionary relation that we have re-established with our brother Muslims of Iraq is that we support their legitimate demands. Imam declared that if we did negotiate, then how could we answer to our brothers in Karbala, how could we explain to them that we negotiated with such a government. The pressure that Saddam exerts on us for peace, indicates a cultural movement on our part in the Iraqi society. The people of Iraq sense that if they establish a rule like our Islamic Republic, they can solve numerous problems in their country and in their own lives.

Maybe, we could never have organized a military attack on Iraq. The fact that Iraq attacked us is itself an achievement for us because it showed that the Iraqi government is afraid of our political influence in that country. Therefore, with the formation of an Islamic government in Iran, it became evident that the Ba'athist government would collapse for sure. The outbreak of the war was a reaction to the revolutionary cultural influence our republic has in Iraq.

Q. Some people claim that the wrong policies of the Islamic revolution of Iran, in regards to the internal situation in Iraq, instigated the war. How much of this is true?

A. Those who claim this, do they show any evidence? They claim that if from the beginning, we had not announced that we wanted to export the revolution and did not interfere, then maybe then Iraqi government would not have been scared and would not have attacked us.

The problem with such hypothesis is that it failed to consider the cultural relationship between our two countries. When the cry of Allah-o-Akbar is set as an example in the world, when blood is truly victorious over sword, when the biggest military power in the world is defeated by our masses, then even a steel wall surrounding this truth will not be able to stop the spread of its influence.

Iraq did not attack us because of our radios and our loudspeakers. The reason that the Iraqi government staged the attack was the revolutionary movement of the people of Iraq, for whom Iran has become a symbol. Our revolutionary nature is such that the Soviets attack Afghanistan, as a means of confronting our revolution. Why did the Soviets attack Afghanistan? Because that Marxist rule would have been easily defeated by a revolutionary movement of the Muslim people of Afghanistan. There, we had not said anything and other places also. Did we conduct propaganda activities in Saudi Arabia? Did we publicize our revolution in North Africa? No, our revolutionary movements exert influence due to their nature. And these claims that we instigated the conflict, are absolutely false. You cannot ask an Iraqi youth not to direct his cry of Allah-o-Akbar at the Mostaz'afin. You cannot tell the Turkish masses to remain silent in the face of the vast American military pressure, while you, yourselves got rid of the biggest oppressor of all. This is the nature of our revolutionary ideals.

Q. This question concerns the two different views that exist in regards to the war. One group believes that we can achieve victory by resorting to a political war. The other group think that we can attain victory with reliance upon the creativity of the Mostas'afin. Either way, we are now faced with the reality that a large part of our territory is in the hands of the enemy. How do you see the future of this war?

A. We have been attacked and the aggressor must be annihilated. Saddam's regime must be overthrown, and a genuine people's government should be brought to power. It is not only us that have faced aggression. If we truly believe in our slogan, if we believe in the authenticity of our revolutionary movement, and if we believe that we have succeeded in overcoming the biggest military power in the region in the battle scenes of the 17th of Shahrivar and 22nd of Bahman, then we must continue to fight till Saddam's downfall. This war has been imposed on the Iraqi people by Saddam, and he will not draw any economic or political benefits from this war. He will get tired and the popular forces will not support him.

We have to mobilize all our means and potentials from the creativity of the masses to counter the weapons sold to Iraq by the U. S. We, of course, also have to put to maximum use our Armed Forces, Revolutionary Guards, basij, turbes, etc. We should not be afraid of Saddam's propaganda, and must insist on his fall and for sure his regime will be overthrown.

The Iranian lands that are now occupied by the Iraqi forces are not really under their control. Every Iraqi soldier goes to sleep worried and insecure, they cannot stay there and become the permanent occupying force. They don't have the power to resist a long term war against our revolutionary youth. What has proved all the military predictions to be wrong is that the enemy does not know who it is fighting against. They don't know whether we are using the regular army, or whether it is the revolutionary guards that they are against with or where the popular forces are involved. They will know when we flood them with water, and when we throw them dust and stone.

Q. What are the dangers facing the Islamic Revolution?

A. The enemy always tries to belittle the revolution, and play up its conspiracies. We witnessed this in the previous periods, too. In the 28th of Mordad, there were only clashes in few parts of Tehran and then everything was over. Today, there is fighting across the whole frontier, as well as clashes in certain cities, where the enemy is attempting to create disorder and chaos. But as you can see, we are firmly standing on our own two feet. Both philosophically and in terms of mobilizing fighting men the enemy is bankrupt. So it has not been able to do much either in relation to our revolution or against it. Look at the trenches, witness the thousands who enter the battlescenes, and take account of those unknown martyrs.

The political games cannot be played for too long. In Islamic societies the life span of those who play power politics is very short. We experience this fact over and over again. Only personalities remain who have refrained from political games, or we give you an example. As long as our trenches are full, and the people support this politico-military struggle with all their magnificent might, nothing can threaten us. The fighters in the 17th of Shahrivar battle did not enter the scene in order to gain more bread and water, they all had enough bread and water. Nor

did they fight for the political power or for the imposition of their beliefs on the society. This current has growing roots in revolutionary organizations, with strong ideological formation and a historical tradition in this society. Thus, nobody can destroy it, or threaten it except through conspiracy. Conspiracies can break you. And during these past two years you have seen how many conspiracies were foiled; conspiracies that were much powerful than these new ones.

Q. It is essential to point out and criticize our own faults in order to correct and improve our methods. What rightful faults can you see particularly concerning the war?

A. We had not prepared ourselves for this war. This is the first criticism. The second valid criticism is that we did not properly inform the people about matters concerning the war. The third criticism relates to our failure to spread the war culture amongst the masses. See, here are the three very important failures for which we are responsible. Why is there no deep understanding of the necessities of the war in Tehran? Why should an anti-political culture rule in Tehran? Why should an area behind the battle front be threatened by the destructive anti-revolutionary activities? We must make everybody participate in the war efforts. All our forces must be organized in order to fight at the battlefronts. We should not only expect this from the people of Khuninshahr, or those who have been forced to leave their homes as a result of war.

There is another criticism to be made and that is related to our political preparations for this war. We made people think that the war will end in a day or two. We should tell them now that the war will continue till the downfall of Saddam and that this will take a long time, and they should prepare themselves for it. We informed people of the facts, whenever we achieved positional victories but a few times when we suffered defeats we failed to inform them. These have been our concrete problems. But there have also been sufficient efforts to eradicate them. And most people know this. I must add that we have not mobilized our political forces in terms of our war-efforts. There have been some positive signs such as the delegations who were sent abroad. But this was not enough. On the propaganda front, Iraq still has the upper hand.

Q. It has been reported that you were received by Imam Khomeini this week? Can you please tell us something about this visit?

A. The discussion mostly centered around the conditions in Khuzestan. I reported to the Imam the record of our revolutionary brothers' achievements in Khuzestan, especially, in relation to the progress made since the earlier days when we were not in a very favorable position. I also reported on the war and its related problems and especially raised certain points concerning the ways to improve the level of fighting ability and coordination of our forces. According to Imam the Muslims will definitely achieve victory, and the internal disturbances will not be able to shift the focus from the main point, which is the battle front and the eventual fall of Saddam.

CSO: 4920/269

MINISTER EVALUATES DEVELOPMENTS IN FOREIGN TRADE

Tehran KAYHAN INTERNATIONAL in English 6 Apr 81 p 2

[Interview with Husayn Kazempur Ardabili, new minister of commerce]

[Text] TEHRAN, April 4 (Pars) — In an interview, Mr. Hussein Kazempour Ardabili, the Minister of Commerce, gave an account about relations pertaining to the current year's imports and export, the bill for nationalization of foreign trade and 100,000-ton silo of Isfahan.

He said, "Generally, at the end of every year, changes are made in import and export regulations on the basis of changes brought about in the economic system of the country. In spite of difficulties, the current year's regulations were drawn up at proper time and published at the end of last year."

He added, "These regulations are changed to take account of the problems of employment, self-sufficiency, foreign exchange restrictions and limitations concerning other countries such as South Africa and Israel. Due attention is also paid to changes in consumption patterns: import of some items is declared as forbidden such as billiard tables, printed chinaware, video tapes, etc. Some goods are subject to authorization from ministries, e.g. cream, for which permission should be obtained from the Ministry of Agriculture. Commercial profits and customs duties are increased in case of some items e.g. photo albums, non-alcoholic beverages,

spinning spindles etc. Article 16 is eliminated, which means that commercial profit and customs duties apply at the rates that are applicable on the day of import of goods."

The minister pointed out, "As regards the Bill for Nationalization of Foreign Trade, which should be submitted to the Majlis by May 16, six sub-committees have been formed: (1) foreign trade is investigated by experts; (2) Islamic theses, people's views and articles regarding Article 44 are studied; (3) foreign trade in oriental countries, e.g. Algeria, in Non-Aligned Countries, e.g. China and India are studied; (4) foreign trade is studied with due regards to financial system, taxation regulations, statute and organization chart; (5) relations of foreign trade with other organs are studied (6) in the sixth group nationalized exports are studied such as carpets. Another committee should also study the distribution system of foreign trade."

Mr. Kazempour added, "The Chamber of Commerce has some

functions such as cards of commerce, facilities for merchants, etc. Now there is a closer cooperation between the Chamber and this Ministry. There used to be some duplication of functions regarding trade guilds committee, which has largely been removed now."

He went on to say: "100,000 ton silo of Isfahan has been inaugurated. The silo was completed with the help of several Italian experts."

The Minister further said that merchants should not think that foreign trade would be nationalized in two months time. A newly created center, called the Distribution Center of Building Materials, will distribute the iron produced by the Steel Mill and the quantity imported by the government. In this way, the question of iron will soon be solved. The number of cooperatives was increased 11 times during the past two years. If it is felt that black market is created in case of some goods, the government will import them independently.

MINISTER OUTLINES PLANS FOR INDUSTRIES

Tehran KAYHAN INTERNATIONAL in English 1 Mar 81 p 2

[Text] TEHRAN, Feb. 28 (Pars).—

The future industrialization plans of Iran will be based on encouragement of infrastructural industries in which the planning for the private sector and cooperatives will function within a specific framework. In the projected plan, the industries with over 65 percent independence shall be rated as sound enterprises.

The Minister of Industries and Mines, Nematzadeh, confirming the above in an exclusive interview with Pars reporter referred to problems confronting future industries and said that due to improper priorities in industrialization in the past regime the Iranian economy was made dependent on foreign sources, as a result of which the oil income was unjustly divided between a small sector of the society and a large market was created to absorb obsolete goods produced by the Western countries.

"Fortunately this system was eliminated after the Revolution giving way to a new system in which, only basic industries will survive," he added. Nematzadeh then remarked that after the Revolution, "the government was confronted with the arduous task of putting the industries back into operation. To remove the problems involved in reorganization of the industries, it was decided to nationalize them. However with the war imposed on us by the Ba'athist regime of Iraq, we faced other problems in our industries. One of these problems was stagnation and insufficient operation

of the industries. In our studies, we have found out that over 100 billion rials worth of goods are imported into Iran every year. To produce these goods locally, we would need an investment of 600 billion rials in our productive enterprises, which would inevitably need proper planning.

"Our major concern is the infrastructural and heavy industries that produce semi-finished goods for use by other industries. These include steel mills and petrochemical complexes. A coordinated production line should be created in which the missing links between the Iranian industries should be located so that homogenous relations between all sectors of the economy can be established. Following heavy industries, we will also establish intermediate and medium industries, the responsibility of which rests with the National Industries Organization to be supervised by the bank."

The Minister of Industries and Mines said that in his opinion certain branches of industries can be incorporated into single units. He added that the third sector would comprise small industries preferably operated by the private sector and the cooperatives, supported by the government. Nematzadeh then referred to handicraft industries and asserted that among the three types of industries, handicraft industries can be operated in the rural areas with the financial aid and technical assistance of the government.

The Ministry of Industries and Mines will soon prepare a list of industries which the private sector

will manage. Industries that are 65 percent independent will be rated as good enterprises and will enjoy full governmental financial support. Industries that depend 50 percent on foreign sources would be permitted to operate to a certain extent but industries with less than 50 percent independence will not be encouraged or supported.

The Minister emphasized that the government will pay great attention to decentralization of industries and for this purpose certain industrial regions will be created in far-off areas, such as Iranshahr, Ilam and Bushehr, to be operated by private and cooperative concerns. The Ministry will also prepare over 500 production projects in different fields to help small industries. Nematzadeh then noted that Iran may import required technologies from abroad under certain conditions and this is directly in line with the general policies of the government.

As far as the Ministry of Industries and Mines is concerned more technological cooperation with Non-Aligned countries, particularly revolutionary Islamic governments, will enjoy top priority. "So far we have received many offers from such countries including India, Sweden and the Eastern Bloc. The government policy with the Eastern Bloc countries will be based on non-dependence. We will buy technology independently from all sources but will not allow control of our economy by others on the pretext of their having superior technology."

Nematzadeh then referred to the shares of multi-national companies in Iranian industries and said that this share is around 40 billion rials which is quite insignificant when compared with total capital investment in all Iranian industries. "The share of the multi-national companies are mostly in the large industries that are run now by government-appointed management. The capital of such industries shall be protected until the Islamic Consultative Assembly determines their fate but no interest will be paid on such capital independently."

CSO: 4920/268

MINISTER HAILS EXPANSION OF ROAD NETWORK

Tehran KAYHAN INTERNATIONAL in English 8 Mar 81 pp 1, 3

[Interview with Musa Kalantari, minister of roads and transportation, date and place not given]

[Text] --Our revolution depends neither on the East nor on the West.

--We have no access to the classified information that are put at the disposal of coup d'etat regimes by CIA or KGB.

--Our greatest disaster in the past regime was our dependence in every aspect.

--We enjoy the privilege that people themselves solved the problems, even the worst ones.

--We have given personality to all, granted authority and have demanded action and responsibility from them.

--The government policy aims at development of villages.

--We shall not use American companies in the future because of their bad records.

In the Name of the Most High.

Interview with Mr. Mousa Kalantari, the Minister of Road and Transportation of the Islamic Republic of Iran.

Please introduce yourself in a few words.

A: In the name of God, the Compassionate, the Merciful. I am Mousa Kalantari, a civil engineer and graduated from Tehran Polytechnic in 1970. In 1979, I started cooperating with the Ministry of Road and Transportation, and was the head of the Road and Transportation Department in two provinces. Then I was invited by the Revolutionary Council to take up this position.

Q: In your view, what are the difficulties of the Minister of Road and Transportation in a revolution-

nary cabinet?

A: At first, our difficulties were those rumors which are circulated in various ways to prevent our work. Another problem is the transformation brought about in the executive affairs of the country. We are faced with certain problems that, before the revolution, were solved in one way or another. Laws and regulations were set according to set patterns and were ignored by ministers due to relationships they had with one another. Until new regulations are drawn up, we shall have some administrative problems, which hopefully, will be solved. After the revolution, there was a confusion, purges were carried out, sometimes on personal basis, and

it was difficult to distinguish who was right and who was wrong. There were some instigations caused by anti-revolutionaries, inside workshops, even governmental ones, both for labor and contractors. We were faced with plots against the revolution. The popular nature of the revolution led to the state where we had no integrated organization to counter this situation, particularly soon

after the revolution. We are not sure whether these were plots, or rather events in direction of the revolution. The fact that our revolution depended neither on the East nor on the West, meant

that we had no access to the classified information that are put at the disposal of coup d'état regimes in various countries by CIA or KGB. The government had to bear the burden. As a compensation, we enjoyed the privilege that people themselves solved the problems, even the worst ones.

Q: What do you regard as having priorities in the Ministry of Road?

A: The priorities here are subject to those set by the government. You know that our greatest disaster in the past regime was our dependence in every aspect. The cultural difficulty was the worst one. They ruined our culture.

Even our economic dependency, which was planned has caused us

difficulties. You know that we import one-day old chicks, seeds, live sheep, alfalfa etc. All our industries are dependent on foreign countries. These difficul-

ties cannot be surmounted immediately. The government policy aims at severance of dependency and development of villages. You know that the previous regimes, for various reason cut the production, and brought people to urban areas. The government's policy is to make villages habitable. Being a part of the government, this Ministry gives priority to building of rural villages and the establishment of connections with them.

Q: Does it mean that expressways will not be built in cities any longer?

A: Not to the same extent as before. Formerly, perhaps 80% of the ministry's resources were utilized for building expressways and highways.

While we are very short of main roads, but, at the same time, according to the available statistics which will be presented, you will see that no importance was attached to the rural roads during the previous regime. We hope to solve this problem.

Q: Tell us please what revolutionary activities have so far been carried out in your ministry.

A: The activities carried out by our brothers in the Ministry of Roads and Transportation are not of a personal nature. Everybody

has made effort. The first point to mention was the delegation of authority to lower echelons; it is no longer like the former days when everything was passed through the channel of the minister and his deputy. We have given personality to all, granted authority and demanded action and responsibility from them. Our provinces are now quite independent from the capital, and make decisions about regional problems. In my opinion, this constitutes a revolutionary step. Our compatriots in the provinces do not need to refer to Tehran at all. Another revolutionary step was to convert the Ministry of Roads and Transportation from an agency for "maintenance" and payment into

one for the "building" of roads. It should be said that before the revolution, the Ministry did not

build any roads itself. Contractors used to build them and the Ministry merely paid the money, and maintained the roads built.

Now in addition to maintaining the roads, the Ministry builds main and rural roads independently. Meanwhile, services of sympathetic contractors — those who do the work themselves, not the middlemen—are also utilized.

Q: What happened to the contracts signed with road construction companies in the past? And are you using their services at the present time? Do you plan to utilize these companies, such as the French, Italian or other companies?

A: Our most important contract was concerned with Qom-Arak-Andimeshk (formerly Bandar Shahpur), at the cost of billions of

tomans. The cost was up to about three times the normal cost of the

Ministry. The contractor was American. Apart from the middle part which is still in dispute, a sum of a billion tomans has been invested which was nearly wasted. This was one of the extraordinarily cruel contracts. It was cancelled by the Ministry of Roads and Transportation immediately after the revolution. The contracts we had with British companies were

left in suspension, due to political reasons, after the hostage-taking episode, and partly several months prior to the Iraqi war, about which they presumably had advance information. The contractors just left the country. At the present time, the companies that cooperate with us rather well are the Italian companies. We shall not use American companies in the future, because of their record. We have not seen many good points in the French either.

Q: What is the position regarding doubling and electrification of railways?

A: Of course, this was one of the projects of "The golden gate of the great civilization", which we do not consider advisable at all, bearing in mind the shortage of normal railways in the country. It will be done only in case of Julfa-Tabriz railway, of which more than 90 percent of the work has already been completed. The rest will be left under its normal state.

Q: This imposed war has affected the work of most ministries. How did it affect your Ministry, and what actions have you taken in the direction of self-sufficiency?

A: Deprivation can also lead to success. All our locomotives were built in the U.S., but since they have stopped supplying us with the necessary spare parts, our own factories have begun building

them. They have built the best parts possible, and we hope that soon we'll become 80 to 90 per-

cent self-sufficient in terms of being internally produced. Of course, problems have arisen as a result of the war and the economic blockade, but they have also been beneficial in certain respects, which will take too long to explain now.

Q: What is the Ministry of Roads and Transportation record in terms of building of homes and shelters in the war-stricken areas?

A: A while ago, one of the commanders of the Pasdaran told me somewhere in the front, that the present war on both sides, looks more like the war of bulldozers and loaders. And also one of the military commanders told me that in many fronts, your loaders and bulldozers move ahead of

our tanks, first the loader goes and digs the trenches, and the tank goes and takes its position. The number of our martyrs, both drivers and other employees, testifies to the truth of these claims. Since the beginning of the war we have put most of our facilities at the disposal of the army. And God willing we'll publish the record of our efforts in the future. But let me say in brief that, exactly one day after the bombardment of the airports, all of them were ready for use. This fact partially explains the effectiveness of the Air Force, since there were no delays in its operations. The same is true of any bridge or road that they destroyed; they were immediately repaired by our brothers.

Q: Are you helping the Ministry of Housing in terms of building homes for the war-stricken people?

A: We are involved in building homes for them, although their transportation falls within our responsibilities.

Q: There is a wide spread false rumor that the government and the various ministries have no operative plans. What are your plans for the future of the Ministry of Roads and Transportation?

A: I think that these kinds of accusations against us are extremely unjust and unconscionable. Incidentally we have exact plans. We also have contingency plans to deal with situations like another economic blockade, or war, or if more of our ports were closed down, or opened up. I think that planning in this kind of country takes a lot more effort than in a country like France. We, for example, cannot determine, whether we can easily work in Kurdistan, or other places. But despite all these problems, even in the difficult situation of the beginning of the year 59, we worked according to definite plans.

Q: That you say that political factors constitute the major stumbling block against industrial reconstruction in giving the example of the unfavorable circumstances of Kurdistan. Well, this is a big problem. But can you say if there are other problems relating to the work force or the workshops?

A: As I said before, part of our problems flow from the anti-revolutionary activities in the workshops. The anti-revolutionary ele-

ments under the guise of exposing capitalists, provoke the workers to close down even government owned plants. But fortunately, the workers gradually became conscious, and we now have less problems compared to mid 58 and the beginning of 59. We have also had other problems relating to the vacant ministerial posts. For example, the Finance Ministry is

in charge of our budget, the banks must provide us with foreign currency, and the Commerce Ministry should provide us with spare

parts. And we definitely have suffered from difficulties in dealing with them, which should not be underestimated. Given all these difficulties, the sacrifices and achievements of our brothers have been miraculous. Of course, God's help has been very effective too. There have also been problems resulting from lack of security in certain areas, which have adversely affected many companies and their employees. Moreover, we have been left with the burden of heavy debts, large numbers of unemployed, and many incomplete projects. Add all these difficulties up and then you will see the miraculous job done by the government in serving the people.

Q: It is true that we don't have a foreign minister and have difficulties in our international relations. But certain ministers have recently travelled to our Muslim brother countries such as Algeria and Libya. What has your ministry done in terms of exchanging industrial and technical expertise with these countries?

A: I also travelled to those countries. As you know previously, we had a very good trade relationship with the European countries. For example the Ministry of Roads and Transportation could with just a telex order most of its needs directly from Europe. But we had no relationship with a country such as Libya. Even the Libyan airline could not enter Iran's air space. So, now, we are trying to lay the basis for expanding our relationship with countries like Libya, but in the short term these developing relationships cannot help solve our current

problems. We are also hoping to expand our relationship with all the genuinely non committed Third World nations.

Q: What were the concrete gains of your negotiations in those revolutionary countries?

A: The least I can say is that, with God's help our airports and sea ports have been opened to each other under very favorable conditions for both sides. We also discussed many other issues and gained their support for the views of the Islamic Republic.

Q: You have criticized the past regime's Ministry of Roads and Transportation as being too favorable toward the contractors. What have you done to change this attitude, and what has been done to purge the undesirable elements of the ministry?

A: I must first emphasize that not all contractors are the same. On the question of purging, I must say that all who could not follow the path of revolution have gradually

been put aside. Now there are no vice ministers, or other or other high officials in the ministry, who

have acted improperly in the previous regime, and the purging process has on the whole been more or less completed satisfactorily. The ministry is now using its full capacity within the revolution's line.

But in relation to the question of revolutionary work, let me cite for you a few examples.

In contrast to the shah's slogans, this country was by no means an advanced or industrial one. Iran may have even been amongst one of the world's most backward societies. Even now that we are very high in terms of honor and glory, from the industrial point of view, we remain very backward.

For every hundred square kilometers we have four kilometers of roads. Of course, that's

after excluding the salt deserts from the given data. But if you don't exclude the deserts, the road

ratio in Iran would only equal that of Afghanistan. The similar ratio for Turkey is seven, for the Philippines 25, for Germany 177, and in the case of Italy it is 94. From this you can gather how near we were to the gates of the golden civilization, claimed by the deposed shah, and what a great lie it all was.

Considering length of roads built since the revolution and those constructed in the best and most secure days of the shah's regime, in 54, there were 12,000 kilometers under construction, the number for 57 was 9,000 while in 59, there are nearly 32,000 kilometers under construction. We yet have another table which shows the number of completed roads. You can see here the great number of construction projects which had begun under the previous regime, but which were left uncompleted because of lack of expertise. The statistics for completed roads indicates the following figures: 1,200 kilometers (52), 1,700 km (53), 1,100 km (54), 1,700 km, (55), 3,000 km (56), 2,100 (57) and see the figure for up to Dey 59. It stands at 21,300. Compare this with the 1,200 kilometers for 52. In a year and a half, fifteen times as many kilometers of road have been completed compared to the year 52.

Even in case of the main roads, our figures show a considerable jump in 58 or 59. There are 20,000 kilometers of secondary and rural roads constructed during these years, which as you well know, were never paid much attention to by the former regime. If these tables are examined carefully, then our claims concerning the revolutionary changes in the ministry will be completely verified. (The 1981 is equivalent to 1344 in Persian calendar).

Q: What kind of salaries are being paid to employees of the companies that have contracts with the Ministry of Roads and Transportation? Although I do not know the Minister's salary, I expect it to be high. But we have been told that salaries ranging up to 30,000 or 40,000, are being paid in the above firms. Does the ministry also pay such high salaries?

A: A minister's salary is less than 7,000 toman. And if you discount the overtime and the benefits that brings it down to

2,500. But as you know, the ministers work for much longer hours than most others and still their total income amounts to less than 7,000. In response to the other part of your question, I must remind you that before the revolution there were salaries of even up to a hundred thousand toman, paid to some Iranian engineers working in private firms. Now the salary levels of this kind no longer exist, although you can perhaps still find salaries of up to 30,000 in

private firms, but this has no connection to the Ministry of Roads and Transportation.

Q: Is the revolutionary court still involved in clearing the ministry's accounts with certain contractors, and also with those who have been purged?

A: You keep talking about purging, but you should clear it up, so we can get down to the crux of the matter. Some contractors have escaped the country and we have usually only inherited their debts. Of those who have stayed behind, we managed to exact as much compensation as possible for the losses incurred by the government. We were even able to receive compensation from the purged employees through the revolutionary court. I must have thanked all the court officials here

for all the help they have given us. For example, they helped us retrieve a hundred million toman

from just one company alone. They have also been helping to solve the dispute that had arisen in our plants under the name of both worker and contractor.

Q: What measures have you taken to improve the transport facilities in the coming New Year holidays?

A: We have increased the number of passenger trains. As you know, we had put many of the railroad facilities under the command of the army, but with the coming into operation of the army's own transportation system, some of our facilities have been released back to us. We have also made certain preparations so that in some routes, the number of

passenger seats available have been tripled. (How about the price?) There will be no change in prices and we are also taking some precautions so that there will be no black market. Although as a result, there may be longer queues.

Q: Please briefly explain our transit relationships with Afghanistan and Russia.

A: In the future, when our relationship with the people of Afghanistan improves, we hope to expand and improve the existing transit connections with that country. There will then be a review of our transit agreements with Afghanistan.

We have signed a transit agreement with Russia, which decides on many questions which were left unresolved in the context of previous agreements. In any case, the new arrangements with Russia mainly aim to improve the flow of commodities to and from our country and in no way harms our national interests.

Q: I wanted to ask you more questions, but given your time limitation, let me ask you one last question to give your brief analysis of the criticisms of the present cabinet. Do you think that the criticisms being made are in fact correct or not?

A: Without a doubt there is no perfect being in the world. Consider anybody as a prime minister or president and he will not be blameless. In fact, that's why there is constructive criticism in the world. None of us claim to be innocent but our complaint is that the purpose of these criticisms is not constructive. The best examples of constructive criticism are those that are levelled against us by the Imam and the people. The attacks that are now being made against us, are as you have said, are very much like poisonous arrows stuck to a new government which is not even five months old. Most of the charges made have no relationship to this government, but very often should in fact be levelled against those who now make them. But fortunately, or unfortunately, we can only remain silent. But if these issues were raised in conditions of peace so that we can give our replies, then the people will certainly become

clear as to what the real nature of the problems are. I sometimes feel great sorrow to hear of attacks

upon the government from those who in fact know the difficulties better. Of course, many of those

who complain, do so because they are not aware of problems, because they are speaking from

the outside of where things happen. And they keep asking why this or that thing is not done. This government is now five months old, but it does not have three very important ministers. You know that the most fundamental thing in the country, i.e. money is in the hands of the Ministry of Finance and the

banks. That is outside the control of the government. The same is true of the commerce and foreign ministries. All of them are without

a head. Our country is in a state of war, but the government has been able to deal with the war in such a way, so that for many, life continues in a normal way. Even though our biggest ports have been shut down, with our brothers' efforts we have managed to import the country's needs through other channels. There are now 1.5 million war refugees, plus the same number of Afghan and Moavedin exiles, our Muslim brothers from the outside our frontiers.

At the moment, with the heavy burden of having to shelter these three million people, and the problems and costs of war preparations, practically all of the government's efforts are being taken up by the war. The Ministry of Roads and Transportation has now, except for the upkeep of roads, given its priority everywhere to the needs of the war and especially army transportation. They accept this too. Even our Ministry of Oil, despite the loss of our biggest refinery, has managed to allow for relatively normal travel in the country. And

there is still food. I think if such a war had occurred in a different country, people would be eating grass by now. Those who attack the government never take these positive points into account. They keep on attacking and making the people and the officials feel hopeless. Of course since our motive and purpose are directed toward God, we'll never give up under these kinds of attack. But those who attack should know that it

favours America's interests and the interests of those who are waiting for the defeat of the revolution. But fortunately, with God's help, the revolution has managed to

neutralize all these attacks, and we hope that those who are not U.S. agents realize their mistakes. Because you can't expect differently from those who are U.S. agents. But I hope that the rest come to gradually understand that this government has no purpose other than serving God and the people. And I hope that we all take into account Imam's commands and come to understand our main problems and locate our main enemy. We avoid raising deviationary points, issues which make people think of their well-being and which should not be raised in a war-torn country. A country which has told America that it cannot do a damn thing.

I hope that all these shortcomings will be satisfactorily resolved. Finally, I wish to say that we warmly welcome constructive criticism, but nothing that weakens the people's will. We hope that we all act according to the Imam's commands, but not by saying so and acting differently. People will come to recognize who does this kind of thing and who does not.

KURDESTAN GETS LOANS TO DEVELOP INDUSTRIES

Tehran TEHRAN TIMES in English 6 Apr 81 p 3

[Text] Tehran--The Central Bank of Iran announced yesterday the allotments of the approved 150,800,000-rial credit for the Kurdistan Province for the development of small industries.

In a statement the bank said the allotments were worked out by bank experts and also revealed the results from industrial plans in the province.

The statement gave the allotments as follows:

A:--13 loans for small industries: 1 for Qarveh town; 4 for Bijar city; 8 for Sanandaj town; totally amounting to 40,600,000 rials of which 9,850,590 rials has been already granted and the remainder is in the process of being paid. The A projects would absorb 78 men.

B:--3 loans amounting to 14,000,000 rials for agricultural tool projects for Bijar and Sanandaj, of which 500,000 rials has been paid and the remainder would be gradually utilized. The B projects would absorb 110 men.

C:--2 loans amounting to 2.8 million rials for medical services industries for Bijar. These would be paid later. The C projects would absorb 12 men.

D:--7 loans amounting to 43,250,000 rials for foodstuffs industries for Saqqez and Sanandaj cities. So far 5.8 million rials has been paid. The D projects would absorb 57 men.

E:--10 loan items amounting to 28.3 million rials for construction material and industries for Saqqez, Bijar and Sanandaj. So far 2,337 million rials have been paid. The E projects would absorb 233 men.

F:--22 loans amounting to 1.85 million rials for handicrafts industries for Bijar and Sanandaj. So far, 1,245 million rials have been paid. The F projects would absorb 27 men.

CSC: 4920/271

DETAILS GIVEN ON NEW ESFAHAN SILO COMPLEX

Tehran TEHRAN TIMES in English 6 Apr 81 p 3

[Text] TEHRAN - A 100,000-ton silo covering 50,000-sq.m. started work recently. Situated 20-km mark on Isfahan Shiraz highway, the silo is the second in Isfahan and was to be inaugurated on Republic Day by Premier Mohammadali Rajai who had phoned reluctance due to unfavorable weather condition.

The inauguration fell behind a day to April 3 despite bitter cold in Isfahan and the ceremony was presided over by the Commerce Minister Hossein Kasempour Ardabili and present was the silo director Asemipour.

Asemipour said the silo was entered into contract with an Italian group Cogefar-Ocetim-Montedil-CMC-Alpina, in 1977-78 but work on it was stalled for long after the revolution. Ultimately, he said, brothers with the help of the contractors finished it with a cost of over 2.375 billion rials.

The silo, he said, was the first 100,000-ton capacity in Iran holding significance along the Bandar-Abbas-Tehran route where repeated rail transport would be made convenient with the storage of wheat.

He called on the commerce minister to ask Roads Minister Mousa Kalantari to facilitate speedily the construction of railway line connecting the silo.

He said the prime minister had offered gifts to the silo's Isfahan technicians and brought technician Ghafouri for special mention. Ghafouri, who had been offered gift from the premier, had lost fingers during a strenuous stint of

work lasting six months, especially the last two months, which would normally last one year.

Kasempour Ardabili said the silo staff had a serious commitment at hand because of the war "burden" and "obstacles existing in the country." "The government has the same expectation as that during the last six months of work," he said.

He added: "Foreign friends had helped in the completion of the silo despite restrictions faced by them in this country . . . but we hope we will not need them for other silos in the country."

The silo switch was turned on by Ghafouri, the technician who lost his fingers, at the request of the commerce minister.

This reporter had a brief chat with the development deputy of the State Cereal Organization Abbas Aslani.

Aslani said a silo was built in Ardebil in 1933-74 without the help of foreigners but "alas, that regime was not giving scope to Iranian specialists." He added contract on the construction of three silos were bound (before the revolution) one of which was the recent in Isfahan, and the other two were to be constructed in Kerman and Ahvaz, and information on the two would be declared later.

Wheat would be transported from Bandar Abbas to the silo from where it would be relayed to different parts of the country, Aslani said.

The Esfahan Silo storage facilities have been completed with the close cooperation of Italian and Iranian workers.

The silo is the largest built in Iran and the first to be completed out of three projects under construction in Iran by the Italian Group Cogefar, Ocetim, Montedil, CMC, Alpina.

The silo has a storage capacity of 100,000 tons of wheat and receiving capacity of 400 tons/hour of which 200 tons by truck and 200 tons by railroad.

The capacity of the wheat delivery system in bulk is 280 tons/hour and 500 bags of wheat in 50 Kgs. bags.

The quality of the works and the electromechanical machinery are in accordance with the most modern international standards and design.

The project covers an area of 150,000 sq.mt. of which sq.mt. 7,000 for Silos, Machine Tower, Receipt and Delivery Building, sq.mt. 3,000 for industrial and civil buildings, sq.mt. 60,000 for roads and parking area, sq.mt. 45,000 for green space, sq.mt. 35,000 for railway.

40,000 cu.mt. of concrete and 4,000 tons of steel have been used for the construction of the silo.

The silo consists of 36 storage bins with a diameter of 10 mt. and a bin height of 52 mt.

The silo bins and the machine tower are of antisismic construction of reinforced

concrete and have been built with a prefabricated slipform system, which has reduced the construction time to the minimum.

The construction of each set of six silo bins has been completed in 7 days and the machine tower 63.50 mt. high has been erected in 10 days.

The entire silo is 144 mt. long and 33 mt. wide, the silo foundations are 4.50 mt. high.

The wheat is being received by two independent intake systems for truck and railroad delivery with an hourly capacity of 200 tons of wheat each or 400 tons in total.

The weight of all incoming wheat is being checked by either a 60 tons truck scale or a 130 tons rail road scale.

After unloading the wheat into special receiving hoppers 40 mt. long the wheat is being transferred by horizontal chain conveyors and vertical bucket elevators to the pre-cleaning separators for the removal of all coarse and fine impurities. After passing of rotary magnets all metal pieces are removed and the cleaned wheat is being weighed and registered by automatic net hopper scales from where the wheat is automatically conveyed into any of the preselected 36 storage bins.

Each storage bin with a capacity of 2,800 tons of wheat is equipped with an automatic temperature detecting system to safeguard the quality of wheat.

Furthermore a bin aeration system has been provided for all 36 storage bins to assure a long storage time of more than one year, without moving the wheat into another silo bin.

All cleaning machines, conveying equipment and all storage bins are connected to different filter dust control systems for good house keep-

ing and air pollution.

After unloading the wheat from the silo bins and before delivering it to the users such as flour mills or others, the wheat will be cleaned in a final cleaning system and transferred into special delivery bins and after weighing it with automatic net hopper scales the wheat will be loaded by gravity flow into trucks or rail cars. In addition wheat may be automatically bagged into 50 Kg. sacks and transferred by belt conveyors and loaded on trucks at the rate of 500 bags/hour.

All operations of the entire silo installation such as wheat cleaning, conveying, weighing, filling of the silo bins, are automatically controlled from a central switch-board panel room by remote control and are indicated by a mimic panel board which shows continuously all operations of the entire silo installation.

OB-383

Employer: Ministry of Commerce
The state organization for grain, sugar and tea

Project: 100,000 tons silo
For storage of wheat

Location: Main road from Esfahan to Shiraz,
23 Km after Esfahan, on the left side of the road

Technica data:	Length of silos	mt. 143.90
	Width of silos	mt. 33.10
	Number of bins	36
	Height of bins	mt. 52.00
	Hright of Machine Tower	mt. 63.50
	Receiving capacity by truck:	tons 200/hour
	Receiving capacity by railroad:	tons 200/hour
	Total receiving capacity:	tons 400/hour
	Concrete:	cu mt. 40,000
	Excavation	cu mt. 30,000
	Steel for concrete:	tons 4,000

CLIENT

Ministry of Commerce - The state organization for grain, sugar and tea.

CONTRACTOR

Cogefar SPA-Tehran office main contractor for group Cogefar-Ocrim-Montedil-CMC-Alpina.

PROJECT

100,000 tons silo at Esfahan.

CS0: 4920/270

BRIEFS

MINISTRY ANNOUNCES DISTRIBUTION OF TRACTORS--Tehran (Pars)--"A total of 2,248 tractors imported from Romania and cleared through the southern ports of the country have been sent to different cities for distribution during the month of Bahman, 1359," announced the Public Relation Office of the Ministry of Agriculture and Rural Development yesterday. The office also said that "a total of 300 trailers (2 tons), Fargoon (3 harrows), a total of 164 rings of tyres and a total of 949 boxes of spare parts have been cleared in the different customs in the country and have been distributed among farmers." [Text] [Tehran TEHRAN TIMES in English 5 Apr 81 p 2]

GAP STILL SEEN BETWEEN GOVERNMENT, PEOPLE--Tehran (Pars)--Attempt had been made to entrust relevant affairs to government organs but the people referred their problems to Revolutionary Committees, head of the Tajrish District Revolutionary Committee said yesterday. Speaking during an interview on the subject of the Rule of the Law stirred recently, Hojjatoleslam Maleki gave the reason for people's faith in the revolutionary committees as the bitter experience of "misunderstanding" between the people and government organs in the past "mechanical" regime. Sixty per cent people still approached the committees despite efforts to allow government organs to prove themselves and eliminate the misunderstanding, Maleki said. He added the organs had failed to quickly obtain public faith by treading the revolutionary path. "The holy goal for which our people gave blood is the execution of the Rule of the Law. But what is important is that law must be prepared by the creator of mankind and then leaders of humanity and social dignitaries could bind an alliance with God in presenting laws compatible with people's spirit. The people then required to follow laws," Maleki said. "The Rule of the Law was what the Messengers had fought for and so was the theme of our revolution. The factor which beckoned our people toward the revolution was the autocracy of certain people who wanted their own wishes to take shape in the society". Maleki said the largest number of Savakis, Majlis deputies and elements of the former mechanical regime were arrested by his committee enclave because he said Tajrish was infested with such persons. [Text] [Tehran TEHRAN TIMES in English 6 Apr 81 p 2]

CSO: 4920/271

SITUATION IN WEST BANK DISCUSSED

TA151358 Tel Aviv MA'ARIV in Hebrew 15 Apr 81 p 21

[Article by Yosef Tzuri'el: "Foreign Missions Are Meddling in Judaea and Samaria Events"]

[Text] Quiet is prevailing in Judaea and Samaria and it has been noticeable over the last year in the limited amount of terrorist activity, in the relatively low number of terrorists acts and in neutralizing antigovernment political activity in this region.

As far as the security elements are concerned these facts are an achievement. The major landmarks on the West Bank map are as follows: Hebron without al-Qawasmeh is totally quiet; Halhul without Milhim acts as a large village; Jericho has never been a source for concern; Bethlehem has always been easy to manage; Ramallah has not yet recovered from the injury sustained by Mayor Karim Khalaf; Tulkarm was and has remained a satellite of Nabulus while Nabulus is the sole West Bank focus of controlled ferment conducted by Bassam al-Shak'ah.

About a year has elapsed since the murder of the six Yeshiva students in Hebron and the expulsion of Hebron and Halhul mayors. This incident has not yet been forgotten. The Arabs talk a lot about it, the Jews view it as an important milestone in the settlement momentum; and the military authorities feed on it for the purpose of maintaining public quiet and order.

However, in terms of the relative quiet in this region which has been subject to military government for nearly 14 years, there will always be loopnoles for ferment both under and above the surface. These will always be causes for rash demonstrations, for brief disturbances and for hostile activity.

On the security plan the military authorities note to their credit the liquidation of two dangerous terrorist squads that were long active in the West Bank. One of these squads perpetrated the murder in Hebron and other terrorist acts in its vicinity while the other organized and acted in the Ramallah district with the aim of murdering Arabs suspected of collaboration with Israel.

From the public point of view the long teachers' strike in the West Bank filled the vacuum [of the absence of disturbances] and gave rise to ferment in the region. However, the fact that the military authorities have partly justified the demand of the strikers for improved work conditions and wages prevented an open confrontation.

Ferment of another kind is still felt in the area but this finds its expression in appeals submitted to the Military Appeals Committee and to the High Court of Justice. The reference is to the expropriation of private lands and to locating state and unregistered lands for settlement needs. Arab public figures in the West Bank have lately taken a great deal of trouble in trying to "get the villagers out to the street" but the villagers did not come out, be it due to their disposition which is disinclined to public struggle or due to their belief that the battle is lost and one should settle for an appeal to legal instances.

When one talks of political leadership in the West Bank--meaning the National Guidance Committee--the military authorities would say: "It does not exist." Security circles would say: "It is in shreds," and the officials responsible for public quiet and order would promise: "We will not allow its revival."

The truth is that the National Guidance Committee still exists. Two of its central activists, al-Qawasimi and Milhim, were expelled and nine of its members, including the editors of AL-SHA'B, AL-FAJR and AL-TALI'AH, are restricted to their place of residence. Rumors say that Ramallah Mayor Karim Khalaf is "very angry" because his foot was amputated following the assassination attempt and he is reportedly considering winding up his business in the area and emigrating to the United States where his brother lives. Only Bassam al-Shak'ah, whose legs were cut off in the assassination, remains.

However, the Arabs say "Allah Karim" and their West Bank leaders take advantage of every crack through which they could float up to the surface, make headlines and harrass the Israeli military authorities. So far the area has been open mainly to foreign journalists. Now a way has been found to open the held territories to the view of foreign countries' delegates.

Government and security elements made light of the Dundee municipal delegation's tour of the West Bank. It was announced that it will be composed of municipal activists. It was claimed that Dundee is merely a small, isolated town, somewhere in Western Europe. A few days after the delegation's departure, circles associated with the National Guidance Committee reported that additional delegations from various cities are expected to visit the West Bank in the coming months. The next delegation will consist of nine Spanish mayors. It will arrive at the end of April or the beginning of May and will be hosted by the West Bank mayors.

The desire of Arab personalities to open the occupied territories to visits by U.S. and West European public leaders is connected with the winds blowing from the EEC countries' direction regarding the future of the West Bank, the Gaza Strip and East Jerusalem.

This is an optimal period for the West European consulates and embassies in Israel. Gaston Thorn, as president of the EEC's council, drove the first wedge in the occupied territories. Today the representatives of Britain, Austria, Holland, Belgium, Spain, Italy and Greece enjoy a nice degree of hospitality. They are acceptable and desirable guests in the West Bank towns and they received information about events in the region in the spheres of land expropriations, establishment of settlements, detentions, imposition of taxes and erection of roadblocks.

A senior security element believes that "there is nothing that can be done and we should learn to live with what we have." Such philosophical musing is known to Bassam al-Shak'ah and other West Bank Arab notables who are trying to use it for their interests and benefit.

FRENCH PROPOSAL FOR LEBANON DISCUSSED

'HATZOFE' On French Proposal

TA131105 Tel Aviv HATZOFE in Hebrew 13 Apr 81 p 2

[Second editorial: "Respect and Suspect"]

[Text] The proposal that has been raised to establish a multinational force to supervise the peace in Lebanon is worthy of study, with a positive approach, if it is intended as a replacement for the Syrian Army which is invading that country. There is today no longer any doubt that if there is tension in Lebanon, then it is influenced by the Syrians, who invited themselves to keep the peace after the clashes between the Muslims and the Christians in that country.

The Syrian Army which came to keep the peace is what caused and is causing the greatest lack of peace. Its forces are sowing death and great destruction among the civilian population of Lebanon. Syria, which invaded Lebanon, wanted to turn that country into a colony of its own, through a complete elimination of the remnants of Christian influence there. However, despite its many attempts, it has failed in that mission. The majority of the Lebanese people rejects the Syrian overlordship, even if it is being forced to pay in blood.

The question is, is Syria today prepared to agree to a multinational army replacing it in Lebanon?

If Syria does not intend to evacuate its forces from the soil of Lebanon, there is no point in stationing international forces. As long as the Syrians remain in Lebanon, the influence of the international force will be useless. Not only that, but the Syrians may even try to take advantage of this force and use it as a guise for a continuation of their terrorist activity, just as the PLO does from time to time with the aid of Syria in southern Lebanon, where it is trying to find refuge under the shadow of the UNIFIL troops.

If we judge by the speech by the Syrian ruler, al-Asad, at the meeting of the Executive Committee of the terrorist organizations which is holding its debates in Damascus, no Syrian agreement to leave Lebanon can be seen on the horizon. It is his custom, the Syrian ruler tried this time, too, to throw the responsibility on Israel, as though it wanted to cause a partition of Lebanon and because of this he wants to justify his intervention in Lebanon.

As stated, the proposal raised to station an international force in Lebanon is worthy of examination, but it should be examined extremely well in order to know what is motivating the proposers and, in particular, why France has suddenly woken up and shown willingness to volunteer to keep the peace in Lebanon and, as it were, defend the Christian sect which has been hit hard as a result of the Syrian and PLO aggression against it, while up to now their cries for help have been completely ignored.

Israel can also not remain indifferent to these proposals, even if, officially, it is not a party to what is happening in Lebanon. It must not abandon the independent Lebanese force led by Major Haddad in southern Lebanon. The question that must occupy us is what implications would the international force have on the continuation of Haddad's activity?

In the final analysis, Haddad's forces are, inter alia, a deterrent and preventive factor as concerns terrorist activity in Lebanese territory. This force must not be abandoned, all the more so as it also plays an important role in defending the Christian minority in southern Lebanon, which is exposed to the dangers of being slaughtered by the terrorists if nobody is found to defend it.

Anyone who is interested in peace being kept in the area must examine matters very well before a decision, lest the international peace force turn into a harmful factor which could set off the flame of war in the entire area.

The proposers, as well as the possible candidates to participate in this force, are ordering us to behave toward them according to the rule: respect and suspect. Even if we respect the very fact of the proposal to station a multinational force, we cannot conceal the suspicions accompanying this proposal, and these include extremely great suspicions.

'MA'ARIV' On French Proposal

TA131504 Tel Aviv MA'ARIV in Hebrew 13 Apr 81 p 5

[Commentary by Moshe Zaq: "A Trap in Beirut"]

[Text] The government of Israel and U.S. Secretary of State General Haig have fallen into a trap set for them by Valery Giscard d'Estaing, the president of France.

The U.S. secretary of state came to the Middle East with a message that the main and the most urgent problem the area had was the Soviet threat, not the Palestinian problem, as Arabs and Europeans had been trying to impose as their view. On this matter General Haig was in agreement with the government of Israel. But in Paris, on the last stop of his tour, he found himself indirectly involved in the Palestinian issue.

The sophisticated French diplomats took advantage of the Syrian massacre in Zahlah and Beirut to renew their old proposal from 1977 about an international force under French leadership to police Lebanon.

On the surface, this is a plan to calm feelings in Lebanon. On the surface, this is a bandage for Lebanon's wounds, but in fact it is a French initiative to push the Palestinian issue to the front.

The French presented their plan with great drama: the French ambassadors in Beirut and the Middle East were rushed to an urgent meeting in the Quai d'Orsay at the peak of Sunday's rest. The president of France put forward the "urgent issue" in his talk with General Haig, while the U.S. secretary of state left the Elysee Palace and made the French rescue plan for Lebanon public. This dramatization gave the impression that there was a new plan that could solve the problem in Lebanon, while, in fact, this plan opens the Palestinian "Pandora's box." Any international debate on the question of Lebanon at this stage must find a solution in the removal of the armed Palestinian forces stationed in Lebanon and the ending of the state within a state. The stationing of a UN force throughout Lebanon would mean indirectly spreading out UN aegis over the Palestinian Liberation Army and the Palestinian terrorist organizations who, through their actions within Lebanon, are damaging its sovereignty.

An international debate about the deployment of a UN force in Lebanon therefore pushes the Palestinian issue to the top of the scale of priorities of U.S. policy in the Middle East, while, in fact, the United States has tried to avoid this.

It was not only the U.S. secretary of state who fell into the trap of French diplomatic sophistication, by making the useless French plan public. The government of Israel also failed yesterday. It rushed to express an opinion about the French proposal without having officially been asked to do so.

Correctly speaking, the U.S. secretary of state should have first asked for the opinion of the government of Israel before he expressed his support in principle for the French plan, since this is the custom among allies. And General Haig impressed Menahem Begin very much by repeating several times that we were "allies." But this "forgetfulness" may have sprung from the fact that the U.S. secretary of state, during his conversation in the Elysee Palace, did not notice that the French plan was only the other side of the coin of the European initiative in the Middle East, an initiative the United States has rejected out of hand. And only on his return to Washington, when he reexamines the French plan, will he realize that more than being likely to help obtain calm in Lebanon, it may disturb the U.S. peace efforts in the entire area.

But what is more worrisome is that even the government of Israel was dragged after this French publicity action and its ministers gave an opinion on a plan that had not been presented to them.

In the summer of 1977, when Menahem Begin visited the White House for the first time, the U.S. secretary of state asked him what his views were on the stationing of a UN force in Lebanon, as the French are [now] proposing. The prime minister did not express any opposition. Nevertheless, this force was not established until 2 years later, after the Litani campaign. And when it was established, UN secretary general appealed to the government of Israel to obtain its agreement to the participation of a French battalion in the UN force. The prime minister was in Washington at the time and from there he gave instructions to Jerusalem not to oppose the incorporation of France in the UN force in Lebanon.

It was neither the UN force, nor the French battalion that got itself involved in clashes with the Christian militia near Tyre that healed Lebanon's wounds and led to a calm in the area. The UN buffer cannot guard the Galilee settlements and

Israel needs initiatives of its own beyond the buffer in order to safeguard the confrontation settlements. The UN force in Lebanon did not repel the foreign forces working in Lebanon, the Syrian Army and the Palestinian Liberation Army. On the contrary, it sheltered them to no small degree and provided recognition to their conquests.

In contrast to this, the UN coalition tried to use the UN force to eliminate the Israeli security belt in southern Lebanon through an attempt to cut away the ground from under Major Haddad's feet. On the eve of the latest outburst in Zahlah and Beirut, we were witnesses to an attempt in this direction by the United Nations, in the guise of giving authority to the Lebanese Army even further south than the Litani River. And there is no guarantee that the reinforcement of the UN force after the conflagration in Zahlah and Beirut will not lead to stronger UN pressure in the south.

The claim made yesterday at the cabinet session, that the French initiative could help us to get rid of the Syrian Army in Lebanon, also requires reexamination. When the Syrian Army entered Lebanon, there were military experts here who claimed that the Syrian deployment in Lebanon was weakening the Syrians' strength, and there were others who explained that it was in this way that foundations were being created which would in the end necessarily lead to dialogue between Israel and Syria and the "red line" was only one of the expressions of this. Now we are trying to complete the circle and see the negative side of the Syrians being in Lebanon. But if the Syrians agree to remove their army from Lebanon, they may do this because they will also regard this as an opening to push Israel's feet out of southern Lebanon. And before we enter into a public debate about our "conditions" for accepting the French plan, it would be better to first examine all its possible implications.

There are those who have doubts about whether Syria will accept the plan, although President Sarkis' agreement may be a sign of such Syrian willingness and perhaps the Soviets will also accept the European initiative in Lebanon, because it regards it as a spearhead for a European political initiative for the entire Middle East, an initiative that blocks the Americans' own initiatives which put the Soviet Union out of the game.

The French initiative, more than guaranteeing calm in Lebanon, and even more than guaranteeing the dispatch of UN forces to a Beirut being shelled by the Syrian Army, is pushing us and the Americans into the arms of the "European initiative," that initiative that may well give back the Soviets their status in the Israeli-Arab dispute. This is the initiative that may move us off the peace path we began with the Camp David agreements.

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INTERNATIONAL FORCE IN LEBANON

[A142023 1st Aviv DAVAR in Hebrew 14 Apr 81 p 11]

[Editorial: "The Death of an Abortive Plan"]

[Jew:] The fact that France dropped its plan to establish a buffer force in Lebanon should not surprise us. Anyone knowledgeable of the basics of international politics would have realized that the establishment of a neutral and effective force would face Soviet opposition. Two days ago, when the world learned about the proposal from the U.S. secretary of state during his stay in Paris and following his talks with French leaders, we raised definite doubts in this editorial page about the feasibility of such an idea.

The Syrians who are in Lebanon under the banner of a Pan-Arab force and who regard themselves as a "peace-keeping" force could not resist the being shoved aside by a force which would take its job seriously and which would be able to carry it out. The Syrians would have regarded such a move as undermining their interests, but the Soviets would have objected to it especially since they would have regarded a Western force in Lebanon as directly undermining their own status. On the other hand, if the force had been formed in a way agreeable to the Soviets there would have been no sense in it.

It is hard to know whether the French statesmen--later followed by the U.S. secretary of state--truly believed that the idea was feasible because they had expected a more enthusiastic reaction by President Sarkis and because they had decided themselves to believe that the friendship between Paris and Damascus would persuade the Syrians to accept the plan. This could have been their assumption, but it did not last very long. However, the idea of sending an international force should also have been raised as a psychological move which could bear political impact; namely, showing determination. However, if this was their intention then the fact that the plan was dropped so soon might have missed its target.

The "three stages" idea which replaced the plan about sending a force also does appear to be the remaining option. However, it may harbor a blessing if it becomes the basis for energetic, sincere and relevant action on the part of the Western world to put an end to the annihilation of the Christians.

BAR-LEV PRESENTS ALIGNMENT'S SECURITY CONCEPTION

LA140953 Tel Aviv HA'ARETZ in Hebrew 14 Apr 81 p 3

[Report by ITIM: "Hayim Bar-Lev Presented the Alignment's Security Conception-- Assistance to the Christians in Lebanon Could Also be Extended Through the IDF's Actual Intervention"]

[Text] Mr Hayim Bar-Lev, the Alignment's defense minister-designate, yesterday stated there were 1,000 ways to extend aid also to the Christians in northern Lebanon. Nevertheless, Israel did not want to cause a flare-up in the Syrian arena.

Mr Bar-Lev held a news conference at Bet Sokolov in Tel Aviv to present his security conception in his capacity as the Alignment's defense minister-designate. He said that the aid could include the actual intervention of the IDF although the current situation did not warrant direct intervention. Bar-Lev stated: "We should assist the northern Christians not only because we are neighbors but also because we cannot remain indifferent in the face of the massacre carried out by the Syrians. What is happening there directly concerns us not only from the humanitarian point of view. Were the Christians in northern Lebanon to collapse, this would also have an impact on the situation in southern Lebanon. Nevertheless, we should weigh our steps from the viewpoint of their timing and our interests."

Mr Bar-Lev added: "Israel is definitely interested in having calm and silence on the northern border. In this context, there are two points on which it is impossible to compromise: preventing a deterioration of the situation in the southern strip and fighting the terrorists."

According to Bar-Lev, there is no room for establishing a national security council in Israel similar to the one in the United States. "In my opinion, this council is incompatible with our ruling conception," Bar-Lev said. He explained that [security] activities should be conducted at the level of the Ministerial Committee for Security Affairs together with teams of experts on security affairs at the prime minister's office and the Defense Ministry.

Until the Knesset election, Bar-Lev intends to concentrate his efforts on formulating a comprehensive and updated security conception taking into account the security issue, the national economy and the policy in the territories. The multiannual security plan should also provide for a renewed growth of the economy and create an atmosphere of confidence and security in the territories.

Bar-Lev concluded by saying: "The next 4 years will be fatal for Israel. The general deterioration that took place in the last 4 years must stop. If our enemies set out to war they will have to pay a very high price since Israel has vast manpower resources and a huge technological potential which provide it with an extensive security infrastructure. The IDF has some of the most advanced warfare systems in the world."

'HA'ARETZ' ON INTERVENTION IN LEBANON

TA101114 Tel Aviv HA'ARETZ in Hebrew 10 Apr 81 pp 13, 19

[Commentary by Ze'ev Schiff: "Israeli intervention in Lebanon"]

[Text] The cruel shelling of Christian population centers in Lebanon by the Syrian Army in combination with the Palestinian Liberation Army has reopened the question of direct Israeli military intervention in that country, intervention which would go beyond the territory of southern Lebanon. The warning given by Minister Ariel Sharon, during a talk with U.S. Secretary of State Alexander Haig, that there would be no alternative to Israeli intervention in Lebanon if the Syrians took another step there, shows that this position has supporters in the higher echelons of the Israeli Government. It may be assumed that Sharon is not alone in this position and that he is also supported by well-known security personnel.

On the other hand, there is another group which is calling for a more restrained approach to anything involving direct military intervention in northern Lebanon. Deputy Defense Minister Mordekhay Tzipori represents this position. This position says a distinction should be drawn between the aid Israel is giving the Christians in southern Lebanon and direct intervention in northern Lebanon, and between the war we are waging against terrorists and the PLO and a possible war against the Syrian Army. It is clear that Tzipori is not alone in this view and he is also supported by security personnel.

It was also Mordekhay Tzipori who, in an IDF radio interview, claimed that the reports about clashes in Lebanon were exaggerated. Tzipori was not, by this, trying to hint that it was the IDF reports that had distorted the picture, but the reports in the Israeli press. For example, the claim that the Syrians used aircraft against the Christians in Nabatieh, or that they fired ground-to-ground missiles against the town. In actual fact, this does not make much difference as concerns the cruelty being shown by the Syrians in shelling the civilian population and in the large number of those killed in the fighting. In any event, there were people who immediately pointed up this argument to say that Israel's moral commitment to the Christians of Lebanon did not have to be actualized. But, even before that, the Christians from southern Lebanon had criticized the government of Israel, and the IDF, for not doing more to help their leaders. "They're repeatedly saying that we don't do enough to assist the Christian in Lebanon to be liberated. The more he talks, the more the Syrians step up the murder of Christians. Perhaps it would be better if you stopped making statements of support."

The materialization of this moral promise, which was also made by the previous government, is complicated. It is one thing to give aid--political and moral--and another to intervene directly in the war. In principle, Israel supports the struggle and war of minorities in the area against extremism and Muslim fanaticism. It proved this on the matter of the Kurds, as well as in the affairs of the Lebanese Christians. The latter were obviously interested in having us intervene directly in the war with Syria, but we would do well to recognize the fact that, on this issue, Israel has both reservations and limitations.

The military considerations concerning direct Israeli intervention in Lebanon have aspects covering both sides. Those who are in favor of such intervention now certainly say that Israeli silence would, in the end, lead to definite Syrian control over Lebanon. This would not only harm Israel's credibility, but also its deterrent capability and Syrian control would lead to an expansion of our northern front. Syria will end up by going to war with Israel and this is only a matter of time. Is it better to wait for the Syrian Army to complete its organization and plans to build up its strength, and for other Arab countries to support it, or to bring the clash forward to a date more convenient for Israel? This approach also fits in with the views of U.S. strategists who claim that from 1985 Syria will have sufficient military capability to wage a serious war of attrition against Israel, without our being able to make efficient use of our air force because of their ground-to-ground and ground-to-air missiles.

Those who support military intervention say that, from the viewpoint of timing, Israel has never had a better time to pick up the Syrian gauntlet. Syria is isolated in the Arab world. It is involved in a grave dispute with Jordan and Iraq and the latter is busy with a war. Egypt is cut off from Syria and has signed a peace pact with Israel and in Lebanon, Syria will be forced to wage a rear-guard war with some of the Christian forces. The excuse for Israeli intervention is also good: not Israeli conquest, but aid for the Christian population being slaughtered by the Syrians and the Palestinians. In the second stage Israel would withdraw, after transferring the territory to sympathetic Christian elements.

There would be a double aim in such intervention. Not only hitting the Syrian forces, but destroying the PLO infrastructure in Lebanon, especially in the entire area south of Beirut. A success in such an action would deliver a mortal blow to the PLO. And this is not all: it is very possible that Israel would find understanding with the Syrian administration on this matter. Washington is aiming at maintaining the Soviet Union's clients and who should it oppose two of Moscow's most important clients--Syria and the PLO--being hit? All these circumstances create a situation which may well never be repeated and so it should be taken advantage of, say those who are in favor of intervention.

The opposite view, that opposes direct Israeli military intervention, is also based on military and strategic reasoning. Here, too, a series of quite convincing reasons are put forward. While these demand Israeli intervention mention at least the regime's isolation (etc.), the opponents of Israeli intervention claim that an Israeli military operation is, itself, what would rescue Damascus from this isolation. Furthermore, a broad Israeli military operation in Lebanon would cause the leaders in the Arab world to find a reason to write against and overcome the differences of opinion among themselves. This, for example, could be a good excuse to start the Persian Gulf war without losing face. Israel would announce that it is being forced to send military aid to Syria against Israel, at once. In the end Israel would achieve the opposite of what it wants.

As for the U.S. administration's position, it is true that the Reagan administration would not be opposed to Damascus and the PLO being hit, but it is not interested in a warlike focus right now. It is not interested in this at all. The Americans are not yet sufficiently consolidated to reply to such a challenge if, for example, the Russians decide to give Damascus massive aid in the event of a war. A sudden conflagration today would disrupt the U.S. process of building up an anti-Russian front in the area. Washington's support for Israel's war against the terrorists is one thing, an expanded military conflagration between the IDF and the Syrians is another. Therefore it is a mistake to believe that the Reagan administration would support such an Israeli move now.

Direct Israeli military intervention would put a question mark over the relations between Israel and Egypt. It is true that there are those who claim that this could serve as a good test of the peace agreement and, if Egypt does not stand up to the test, it would be better for this to happen before the completion of the withdrawal from Sinai. In any event, it is worth recalling that a disruption of the relations between Israel and Egypt would also damage Washington's plans to establish a new strategic deployment in the area. And, finally, the current situation may well be truly unusual in its circumstances, but we must not ignore the fact that such intervention would not necessarily have to be restricted to Lebanon. It would also spill over into the Golan Heights and many Israeli settlements and also cause casualties among the civilian public in Israel.

As far as can be seen, it is this view that has the upper hand today, and rightly so. But matters could also change rapidly as a result of circumstances. In any event, there is no doubt that Israel will continue to provide the Christians of Lebanon with political support, as in the past, and perhaps more than that. Nor should we conclude that in any situation whatsoever, Israel will refrain from reacting to the Syrian brutality (the most cynical joke made by the Syrian foreign minister when he visited Lebanon was when he called Lebanon a "sister state"). If Syria had used its air force, as was said at the beginning, against the Christians, I would wager on the fact that the Syrian pilots would possibly have also had to fight Israeli pilots.

Because those who are calling for restraint are gaining the upper hand, concerning Israeli intervention in northern Lebanon, it appears to me that we can expect that support for southern Lebanon, in the enclave along our border, will be increased. Because there is Israeli restraint on the Syrian matter, we can also expect that fighting against the terrorists will continue. This is the situation now, but, of course, we do not know what tomorrow will bring. In any event, we must not reach a point at which our important moves are made during a time of extreme deterioration. This applies to both northern and southern Lebanon. Each move must be made after thorough consideration, in accordance with Israel's interests and under the full control of political objectives.

DEFENSE MINISTRY POPULATION FORECAST FOR YEAR 2000

TA101249 Tel Aviv YEDI'OT AHARONOT in Hebrew 10 Apr 81 pp 1, 3

[Report by military correspondent Eyalan Haber: "The Forecast: More Than 2 Million Arabs in the Territories in 2000"]

[text] The Arab population in the territories of Judaea, Samaria and the Gaza district will reach more than 2 million in the year 2000. This forecast is included in a comprehensive research and planning work recently conducted by the Defense Ministry. The Jewish population forecast for the same year is approximately 4.5 million people.

The research and planning of the national infrastructure of various elements was conducted during several years by the Defense Ministry, under the guidance of Deputy Defense Minister Mordekhay Tzipori. The work was conducted by several units and it was coordinated by the defense minister's assistant for national defense. [title as published], Maj Gen Avraham Tamir. The work began shortly after the Likud's rise to power about 4 years ago. It includes an analysis of all the issues that may have an impact on the defense establishment and the situation of the state of Israel. The material was compiled in five heavy books which have been distributed among elements within the outside the defense establishment. The material includes plans for demographic, technological, economic and political-strategic infrastructure as well as a proposal for the formulation of the national defense policy.

Deputy Defense Minister Mordekhay Tzipori told our correspondent that such a comprehensive work had never been conducted in Israel. Part of this work should have been conducted several years ago by other ministries as well--Tzipori added. He said that various ministerial committees would soon begin a series of debates on the issue.

The comprehensive work was prepared by the National Defense Department and includes forecasts on various spheres:

--There will be 5.68 million people, including 1.76 million non-Jews, in the state of Israel excluding the territories.

--75,000 people will immigrate and 15,000 people will emigrate every year. However, the researchers emphasize that there may be unexpected immigration waves.

--the minorities in the territories are characterized by an accelerated demographic increase, a young age structure and by geographic and territorial concentration. The slow development of work resources in Judeaea, Samaria and Gaza will cause unemployment and the radicalization of political views.

--the number of Jews throughout the world has been constantly declining. Outside Israel, there are currently some 9.8 million Jews in the world. In the year 2000 there will be only 8 million Jews.

--In the year 2000 there will be 71 million people in Egypt. In 1990 there will be 47.5 million people in the Arab countries bordering with Israel compared with 13 million today. Some 2 million Egyptians are expected to live in the Sinai during the same period.

Speaking to the YEDI'OT AHARONOT correspondent, the deputy defense minister said that we should not be anxious about these figures, and added that we possessed the means, the Alignment and the possibilities to promote them or change them, whatever the case may be.

Deputy Defense Minister Mordekhay Tzipori and Maj Gen Avraham Tamir told our correspondent that the material covered by the comprehensive research also includes theoretical background to the principles of the national defense conception and the defense policy. The academic community also participated in the research, which will serve as the basis for the preparation of the IDF's multiannual program.

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VIEWS ON CHANCE OF PEACE HAVE NOT CHANGED

TA080844 Tel Aviv HA'ARETZ in Hebrew 8 Apr 81 p 5

[PORI public opinion poll: "There Has Been no Change in the Public's Positions Regarding the Chance of Peace in the Last 2 Years"]

[Text] Israelis differ in their opinion on whether there can be peace between us and all the Arab countries and they have not changed their views in the last 2 years. This emerges from a nationwide public opinion poll conducted by the PORI Institute at the request of HA'ARETZ.

The question posed was: "Can there be or can there not be peace between us and all the Arab countries?" Some 39.7 percent replied in the negative whereas 32.1 percent answered in the affirmative. In an identical poll conducted 2 years ago, 37.3 percent replied in the negative and 37 percent replied in the affirmative.

Some 14.9 percent said that there "may be" peace between Israel and all the Arab countries compared with 14.7 percent who expressed the same view 2 years ago.

Here is a breakdown of the replies in 1979 and 1981:

	<u>1979</u>	<u>1981</u>
Can be peace	32.1	37.0
Cannot be peace	39.7	37.3
May be peace	14.9	14.7
It is not up to Israel	9.0	6.9
Do not know	5.3	4.1

The poll was conducted on a representative sample of 1,200 men and women who were given individual interviews in their homes throughout Israel.

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PRODUCTION OF KFIR PLANES TO CONTINUE

TA090936 Tel Aviv HA'ARETZ in Hebrew 9 Apr 81 p 2

[Military correspondent's report: "New Directive: The Production of KFIR Planes Will Continue Until the Lavi Is Begun"]

[Text] The KFIR plane production line will not be closed down and the Defense Ministry has recently issued a new directive to continue production of the KFIR in accordance with old plans until the aircraft industries begin to produce the Lavi plane. The funds for the further production of the KFIR will come, inter alia, from an addition of dollars from the defense budget, from preparations for exports and from U.S. aid funds.

The new order to continue producing the KFIR was issued recently by Deputy Defense Minister Mordekhay Tzipori. As will be recalled, it had previously been decided, in the wake of cuts to the defense budget, that the KFIR production line would operate until October this year or, at most, until 1982 if no market for the KFIR was found abroad. The new decision means that the aircraft industries will produce many more dozens of KFIR planes, including the new models. The production pace has not yet been decided and the intention is to continue with the production line until the aircraft industries begin to manufacture the Lavi plane.

In reply to a question about the source of the funds for the maintenance of the KFIR production line and the supply of the planes to the air force, Mr Tzipori said that there was a good chance of exporting the KFIR, a chance that has improved following Washington's agreement to sell this plane to various countries previously banned to us. In addition to this, there was a good chance that the Reagan administration would permit the transfer of U.S. grant and loan funds to production in Israel. Another source would be the defense budget. As is known, the Finance Ministry has agreed to convert free dollars into Israeli pounds [as published] for the defense establishment. In this context, Mr Tzipori said that he would insist that these funds, which would come from the dollars, would be spent not on routine needs, but on production.

ISRAEL

AGRICULTURAL AGREEMENT SIGNED WITH PERU

TA141133 Tel Aviv ITIM in Hebrew 2055 GMT 13 Apr 81

[Government Press Office release]

[Text] Jerusalem, 13 Apr--Agriculture Minister Ari'el Sharon today concluded his official visit in Peru. Sharon met with Peruvian President Fernando Belaunde and his counterpart, [as received] Mr Xavier Arias. Messrs Arias and Sharon expressed their satisfaction with the signing of an agreement on extensive agricultural cooperation. According to this agreement, Israel will assist in the development of various agricultural issues, including the development of desert areas where modern irrigation systems are required.

The Peruvian president expressed his gratitude to the Israeli experts and his confidence that cooperation between the two countries would continue to strengthen.

The Israeli agriculture minister visited sites far from the Peruvian capital of Lima. He toured the future development areas and said he was very impressed by the industriousness and skills of the Peruvian farmers.

It should be noted that additional contracts for cooperation between the two countries were signed on the last day of Sharon's visit. Among other things, agreement was reached on the establishment of an instruction system in Peru and on preparations for the possible marketing of local produce through Israeli marketing channels.

From Peru, Agriculture Minister Ari'el Sharon will visit other South American countries in order to strengthen agricultural ties and sign additional contracts.

USP: 4205

BRIEFS

TZIPORI MEETS WITH GAZA MAYOR--Deputy Defense Minister Mordekhay Tzipori has promised the Gaza mayor he will recommend that approval be given to the opening of a university in Gaza that will serve the Gaza Strip inhabitants. He has also permitted the opening today, or tomorrow at the latest, of all shops closed by order of the military authorities a few weeks ago following the hurling of a handgrenade in the city's main street. Our correspondent, Bassam Ja'Bar, reports that the deputy defense minister conferred with Gaza Mayor Rashad al-Shawwa this morning and complied with some of the mayor's requests on local issues. In contrast, Tzipori announced that the authorities will from now on meticulously examine the flow of foreign aid funds to the territories in order to ensure that the money is not used to exert pressure on West Bank and Gaza Strip notables. [Text] [TA161431 Jerusalem Domestic Service in Hebrew 1300 GMT 16 Apr 81]

MARCH INDEX--In March the consumer's price index rose by 4.8 percent. From the beginning of this year the index has been marked by an accumulative rise of 24.4 percent. This has been reported by the spokesman of the Central Bureau of Statistics. The March index rose at this rate mainly because of the increase in the costs of consumer goods, especially food, transport and postal services. The wholesale price index of industrial output rose at a relatively moderate rate. [Text] [TA151725 Jerusalem Domestic Service in Hebrew 1500 GMT 15 Apr 81]

ROLLS-ROYCE ENGINES FOR LAVI PLANES--In the past Israel took an interest in the possibility of purchasing a British Rolls Royce engine for the Lavi fighter plane manufactured by the Israeli aircraft industries. The HA'ARETZ correspondent has learned that aircraft industries representatives have examined this possibility and held talks with representatives of the corporation that manufactures the Hornet fighter plane which uses a Rolls Royce engine. The corporation's offices are situated in Munich, West Germany. Israel's representatives thought that it would be better to have the Lavi planes fitted with an engine not of U.S. manufacture in order to bypass the possibility that the United States would ban Israel from exporting the plane, as it forbade the export of the KFIR, which has a U.S. manufactured engine. However, the Israeli clarifications met with a cool response from the corporations' heads, especially from the British. Although a negative reply was not given, Israel's representatives understood that they were persona non grata and so they severed the contacts. The British Foreign Office and Defense Ministry refused to comment on the report, claiming that they were not in the habit of giving details of contacts on the topic of arms sales. [Text] [TA130934 Tel Aviv HA'ARETZ in Hebrew 13 Apr 81 p 1]

WATER SUPPLY TO WEST BANK--The Meqorot Water Company is now in the midst of carrying out work worth 55 million shekels with the aim of ensuring a water supply to 10 settlements in Judaea and Samaria. The project will be completed within 2 months. In a tour at the end of last week for members of Meqorot's board of directors, the head of the company's unit for development plans, Yosef Dreizen, said that the project included drilling five wells--at Shilo, Ari'el, Horon, Qarne Shomron and Levona. In addition, 70 km to 80 km of pipelines of various dimensions are also being laid, and 10 water reservoirs were being dug. The wells are deep--about 450 meters--and will supply 1.5 million to 2 million cubic meters of water per annum. In addition to the settlements, the project will also supply water to IDF camps in the area and to Arab villages. [Text] [TA120750 Tel Aviv DAVAR in Hebrew 12 Apr 81 p 4]

CONSTRUCTION IN GOLAN HEIGHTS--At a ministerial consultation it was decided to begin building 200 apartments in the Golan Heights immediately. Prime Minister Menahem Begin consulted with the finance minister and the minister of housing and construction on this matter, following the demand by Golan Heights settlers to build 1,000 apartments this year in settlements and the town of Qazrin. The Ministry of Agriculture is also preparing a plan for a total of more than a billion shekels to absorb 1,000 families in the Golan Heights. The director general of the prime minister's office informed the Golan Heights Settlers' Committee of the decision and told them that the government had approved this plan in principle. The chairman of the Golan Heights Settlements' Committee, Shim'on (Shebes), welcomed the decision, but he said the test for the government would lie in the completion of the entire plan and the increase of the number of Golan Heights inhabitants to 10,000 by the end of the year. [Text] [TA091121 Jerusalem Domestic Service in Hebrew 1100 GMT 9 Apr 81]

PLANNING COUNCIL VS CANAL--The National Planning Council warned yesterday that the planned start on the Mediterranean-Dead Sea Canal project would be illegal, since the council has not approved the project. Energy Minister Yitzhaq Moda'i announced his intention to begin work before the coming elections, following the cabinet's approval last month of the canal's route. The council, which is the highest planning authority in the country, decided yesterday to bring the matter to the attention of the Attorney-General Yitzhaq Zamir. It noted that the proposed canal had not yet been discussed by the council, let alone approved. The council instructed the Interior Minister's southern district representative, through whose territory the canal would run, to refrain from issuing any permits for initiation of earthworks "until the plan has been approved by the planning authorities." [Text] [TA090959 Jerusalem POST in English 9 Apr 81 p 3]

INDUSTRIAL EXPORTS--Industrial exports (except diamonds) dropped by 13 percent in the first 3 months of 1981 compared with the same period in 1980, the Manufacturers Association claims. During January-March this year exports totalled \$ 50 million, compared to \$751 million last year. This is not only a 1 percent nominal drop, but taking the 12 percent devaluation of the dollar into account, the real drop is 13 percent. Association circles expressed their amazement at official statements that exports are increasing, while they are, in fact, dropping. [Text] [TA081406 Jerusalem POST in English 8 Apr 81 p 3]

BRIEFS

DESALINATION UNITS--The Industrial Bank of Kuwait has announced the formation of the Kuwait Desalination Plant Fabrication Company, which will use the Asry workshops in Bahrain for the manufacture of desalination units. The bank's director of projects, Lucien Toutounji, says feasibility studies have been carried out at Asry, but no contractual agreement has yet been finalised. The units will be assembled in Kuwait and marketed in the Gulf. Kuwait is expected to buy four a year, at a cost of \$100 million each. The new company, which has been set up with a capital of \$3.75 million, also hopes to sell related equipment such as pipes, gauges, and pumps. Negotiations are in progress with Weir Westgarth of Britain and THI of Japan for the supply of technology, training and plant supervision.

KUWAIT LOAN TO TANZANIA--Dar es Salaam, March 23 (KUNA): The Kuwait Fund for Economic Development agree to give Tanzania a 385 million shillings to finance development projects undertaken by the Tanzania Harbours Authority, Tanzania Railways Corporation and Mufindi Pulp and Paper Mills according to the government newspaper "SUNDAY NEWS." Quoting the head of a Tanzanian government delegation which visited Kuwait recently, principal secretary of the Ministry of Communications and Transport Odira Ungara the paper said the agreement has been reached in Kuwait and it will be signed next month. Ungara arrived here and told the "SUNDAY NEWS" that the Railways Corporation will receive Shs 176 million, the Harbours Corporation Shs 69 million and the Mufindi Project Shs 150 million. Earlier Kuwait gave Shs 234 million to Mufindi project. Meanwhile, the Indian government has agreed to provide railway spare parts and accessories worth Shs 11 million. [Text] [Kuwait ARAB TIMES in English 24 Mar 81 p 7]

CSO: 4520/290

ABORTIVE COUP DESCRIBED AS SETBACK FOR ADM

London 8 DAYS in English 28 Mar 81 p 4

[Text]

THE ABORTIVE coup in Mauritania by pro-Moroccan dissidents on 16 March against President Khouna Ould Haydalla's regime will have far-reaching consequences for Maghreb diplomacy, and hasten the removal of dubious elements within the Mauritanian administration and armed forces.

The breaking of diplomatic relations with Morocco, accused by Mauritanian officials of masterminding the operation, ends the country's attempts to distance itself from both Rabat and Algiers. Pressure will now be mounting on Mauritania officially to recognise the Polisario's Saharan Arab Democratic Republic (SADR) before the next Organisation of African Unity (OAU) summit, scheduled for Nairobi in July.

Since Nouakchott withdrew from the Saharan conflict in August 1979, it has accorded recognition to the Polisario as representative of the Sahrawi people and has supported the right to self-determination and independence for the former Spanish colony. However, anxious not to anger King Hassan, Mauritania did not join the 45 nations (including 26 in Africa) which officially recognised the SADR. Nonetheless Morocco was annoyed by the defection of its former ally and sought to have a government in Nouakchott more favourable to its interests.

The motorised column which entered Mauritania from Senegal, intended to capture leading members of the government and the call on Morocco to send reinforcements by air. The plans of Mohammed Ould Abdel Kader, former air force commander, and Ahmed Salem Ould Sid, previously vice-president of the military committee, miscarried when the government secretly decided, at the last moment, to postpone its scheduled meeting.

When the dissidents seized the presidential palace it was empty, the head of state was inspecting military installations in the north of the country. Having captured the army commander, Lieutenant Colonel Maouya Ould Taya, the commando force was quickly surrounded and forced to surrender by crack Mauritanian army units.

The failure of the coup represents a severe setback for the exiled opposition movement known as the Alliance for a Democratic Mauritania (ADM), an umbrella organisation consisting of diverse political and ideological factions committed to overthrowing Haydalla. Most of its leading members held high positions during the 17-year rule of former president Moktar Ould Daddah.

As 8 Days has also learnt, the attempted coup was planned at a secret ADM gathering in Dakar last November. It was thought in ADM ranks that the Haydalla government had become so fragile, due to continuous infighting between pro-Iraq and nationalist elements which led to the arrest last December of progressive leader Ahmed Baba Miske, that a small but well-trained commando force aided by elements in Nouakchott would be sufficient to topple it.

The new government of President Abdou Diouf in Senegal was embarrassed by revelations that the operation passed Senegalese territory as its embarkation point. In an attempt to placate Mauritania, President Diouf has ordered all remaining ADM officials to leave.

The coup is also likely to speed up the transition to a civilian government. Last December a prime minister, Ahmed Ould Boudjara, was appointed to prepare a constitution to be voted on in a referendum.

It will be Boudjara's task to reinforce the home front by continuing reform measures and bolstering the weak economy. But until a negotiated solution has been found to the bitter Western Saharan war, any calm in Nouakchott is likely to be shortlived.

CSO: 4420

AL-HABANI ARTICLE ON MIDDLE EAST SITUATION REPORTED

Damascus SYRIA TIMES in English 31 Mar 81 p 7

[Text]

ADEN, (TASS) — The newspaper Al-Thawri, organ of the Central Committee of the Yemen Socialist Party, has published an article by Ali Nasser Muhammad, General Secretary of the Central Committee of the Yemen Socialist Party, President of the People's Democratic Republic of Yemen, analyzing the situation in the Arab region and dwelling on the main points of the external and domestic policy of Democratic Yemen.

The author writes that the aggravation of the situation in the Middle East has been brought about by the aggressive policy of the imperialist circles and local reactionaries who are trying to impede the independent progressive development of Arab states. The accords reached by the United States with Oman, Egypt and Somalia, allowing Washington to use military bases in the territories of those countries, pose a threat to the region's security and stability. By heightening tensions, imperialism is seeking to create conditions for direct interference in that part of the world, to establish control over oilfields, upris the Arab People and do away with the national liberation movements. To achieve these aims, imperialism is using various criminal methods starting from political and economic pressure and support of counter-revolutionary forces to the concentration of naval armadas close to the shores of the Arabian peninsula and the Arab Gulf area.

Ali Nasser Muhammad writes that the basic risk in the chain of imperialist conspiracies in the Middle East was the separate Camp David deal which is unable to bring about a just Middle East settlement and is designed to strengthen the domination of imperialism and Zionism in the Arab homeland, stifle the Palestinian Revolution and perpetuate Israel's presence on the Occupied Arab lands.

The article says that in the present circumstances it is necessary to strengthen the cohesion and spirited alliance of all Arab progressive forces in order to frustrate the plans of American imperialism, Zionism and reaction which are hostile to the Middle East peoples.

The further development and consolidation of relations between the Arab national patriotic forces and the countries of the socialist community led by the Soviet Union constitute an important condition for success in the anti-imperialist struggle.

Soviet-Yemen ties have received further development after the signing of the Friendship and Cooperation Treaty between the two countries. These relations that fully correspond to the interests of Democratic Yemen, are a guarantee of the country's progressive independent development. Ali Nasser Muhammad highly assessed the

USSR's internationalist aid and support to Democratic Yemen in the cause of establishing a firm foundation of the national economy, in various spheres of political, social and cultural life.

As to the foreign policy of the PDRE, the General Secretary of the Central Committee of the Yemen Socialist Party points out, it is based on the principles of proletarian internationalism, peaceful coexistence with all the states, support of the peoples struggling for freedom, democracy and socialism, against imperialism, colonialism and racism. The article says that in the conditions of durable peace and defense the people in Democratic Yemen will be able to complete the national democratic revolution and create preconditions for a turn to building a socialist society in the country.

LEADER DISCUSSES PDRY'S BILATERAL, INTERNATIONAL RELATIONS

Jiddah 'UKAZ in Arabic 18 Jan 81 p 14

[Interview with Salim Salih Muhammad, foreign minister of People's Democratic Republic of Yemen, by Ayman Muhammad Habib, date and place not given]

[Text] Despite the difference in perceptions and viewpoints among the Islamic nations and despite the difference in their orientations and inclinations, they are nevertheless living in conditions which are conducive to a complete entente. Great hopes are being attached to that entente. The PDRY Foreign Minister Salim Salih Muhammad has talked to 'UKAZ about his country's views and outlooks with regard to many issues. The following is the text of the interview:

[Question] Your excellency, how do you see the present condition of the Islamic nation, and how is it possible to achieve higher degrees of understanding between its estranged elements?

[Answer] You concede in your question that there is estrangement and disparity among the countries which believe in Islam. That estrangement is not between the peoples but between the regimes. The question that we should pose is: Who are the friends and who are the enemies? Is that estrangement caused by objective conditions and circumstances which we cannot deter regardless of our own personal desires, or are the causes not objective and therefore subject to removal. The situation is one in which there are different regimes that have different political and social systems. There are different levels of economic development and different levels of per capital income, in addition to the contradictions and differences that exist within these societies. This reflects the pursuit of different foreign policies. From a natural point of view, the removal of that estrangement and disparity requires the following:

1--The masses of the people should be given their right to free expression and equality and their role in making their history and their independent life.

2--An equitable relationship should be established between our different social systems on the basis of mutual respect and non-interference by one in the internal affairs of the other.

3--In seeking to settle the problems existing between our countries, we should resort to dialogue instead of force or the threat of force.

4--We should accurately determine who are the friends of our just causes and who are the enemies of these causes. We should not mix the two under any circumstances. The Palestine question is the major Arab cause. In that, the Arabs are supported by all the peoples which believe in Islam, all the freedom-loving and freedom-aspiring people and the peoples which love democracy, peace and progress in the entire world. Friends and foes can be determined through their position on that particular issue. On that basis, we can remove the aspects of estrangement between our countries and regimes in the present phase of our modern history.

[Question] Don't you believe, your excellency, that the Islamic summit is the last opportunity to confirm the possibility of a fusion between the various elements of the Islamic nation and of a narrowing down in the gaps between them?

[Answer] First of all, there is nothing called "last chance" in political action. The nature of the perpetual struggle creates problems which then require a political response. Since the Islamic summit is a form of political action which is designed to deal with certain political situations, it will continue to be a form of political action as long as the issues it was designed to deal with continue to exist. Since the Islamic summit was one form of fighting colonialism, imperialism and Zionism and of consolidating efforts to fight these enemies, then the summit conference will be required to continue to discharge that duty until the goals for which it was created are achieved.

How Jerusalem Can Be Retrieved

[Question] How can the Islamic nation retrieve Jerusalem, in particular, and the Arab and Palestinian territories, in general? And how do you evaluate Islamic action since the meeting of the first Islamic summit?

[Answer] The retrieval of Jerusalem and the occupied Palestinian and Arab lands is principally up to the Arabs themselves--both Muslims and Christians. Secondly, it depends on the support of the peoples that love freedom, progress and peace, regardless of whether they were Muslim or Christian. As a people with a cause, we have to pull together all the elements of strength and power and devote all our potentialities so that we can really guarantee the victory of our cause. This in itself would guarantee the retrieval of Jerusalem. Islamic action depends on the relations between our countries and the present action with regard to the common cause, and we hope that such action would gain momentum and develop in favor of the Palestine question and the cause of fighting Zionism and imperialism. In view of the intensity of the struggle with the Zionist enemy, it can be said that Islamic action has assumed a significant role in supporting the struggle of the Palestinian people and has gone a significant distance in that direction. We hope that greater support will be given to that issue which is connected with our destiny.

Complete Confrontation Is the Answer

[Question] Mr minister, the Islamic summit is studying the question of articulating the call for a holy jihad into a plan of action which would contribute to the rescue of Jerusalem and other Arab lands. How do you view that plan?

[Answer] As you put it, the holy Jihad aims at rescuing Jerusalem and the occupied Arab territories. Therefore, we believe that any plan designed to achieve that goal should depend on pursuing a policy of overall confrontation which would force the Zionist enemy and those who stand behind him to recognize Arab rights. This inevitably requires the use of all the weapons available to the Arabs, in addition to seeking the support of the official and popular international public opinion to help accomplish these goals.

Why the Crisis Relations Between Brethren?

[Question] Despite the fact that Saudi Arabia and the PDRY exchange visits and maintain continuous contacts, yet there are those who try to give the impression that your country deals with the kingdom in a manner which lacks a great deal of friendship--this, at a time when we here feel that we are sincere brethren to all our brethren. How can you answer those people in some detail?

[Answer] On our part, we have sought and we still seek to maintain natural and good relations characterized by mutual respect for independence and national sovereignty, non-interference by one in the affairs of the other and efforts to maintain security and stability in the region, with our brethren in the kingdom. The visit by brother 'Ali Nasir Muhammad, secretary general of the Yemeni Socialist Party, Chairman of the Supreme People's Council and the prime minister, to the Kingdom of Saudi Arabia was a token of our desire to cement these foundations and develop the bilateral relations between our brotherly countries and our concern with doing that. However, there are certain circles which are inimical to the ambitions and aspirations of our two countries to create such a relationship. These circles try to obstruct such efforts and seek to spread false propaganda against the PDRY, its leaders and positions. The same circles try to take conditions back to where they used to be and seek to disturb the atmosphere between the two brotherly countries, which is inconsistent with the desire of the leadership in both countries and the ambitions of the two brotherly peoples.

Arab Unity Is Subjected to Plots

[Question] How is the unity plan between the two Yemens proceeding, and what are the phases that have been covered?

[Answer] The only way we can demonstrate our position on the issue of Yemeni unity, both on the internal and external levels, is through actions and deeds. We are exerting continuous efforts to achieve the unity of our homeland on sound foundations and in the light of the agreements and statements signed by the leaderships of the two parts of Yemen. But we should not forget that Yemeni unity and Arab unity are subjected to continuous hostile plots. We are happy that many brotherly and friendly peoples support, both in words and deeds, the reunification of Yemen. We want to reaffirm that this would positively contribute to bolstering stability in the area and the brotherly ties between its peoples. It would also spare the area the present dangers which face it and generally contribute to the strengthening of world peace.

Why Foreign Presence?

[Question] In line with our belief that the area is the focus of the ambitions of the great powers, we believe that dealing openly with these powers without taking into account their ambitions and without taking precautions could jeopardize the security and safety of the region. I don't know if you share this view.

[Answer] Our region is gaining a growing strategic importance in view of its location and its wealth. Colonialism was able to impose its control and domination on the region for a long period of time. The peoples of the region were able to expel colonialism and achieve national independence. They continue their struggle for the sake of liquidating the colonialists' economic and cultural domination, but they are again facing the danger of having their independence violated. For this purpose, the rapid intervention force is being formed for the specific purpose, as it has been officially announced in the West, of controlling the oil wells. The imperialist powers ignore the fact that the peoples which aspire to the consolidation of their independence and sovereignty now enjoy the support of friends and a wide-scale solidarity movement which can be trusted. We in the PDRY call for keeping the area out of the dangers of interventions, free of international tensions and military bases and fleets which have been regularly increasing in the area through the facilities provided by certain countries of the region.

They, Oman and Iraq

[Question] You are in disagreement with Oman and Iraq because of your different views on the various issues. We believe however that there are enough bases for agreement among all of our states. Where do you agree and where do you disagree?

[Answer] We are in disagreement with Oman for reasons that everyone knows. Our disagreement with it centers on its willingness to allow the establishment of bases and facilities on its territory for the United States and its support of the Camp David accords. Oman's embroilment in all that has reached the point where Oman has been making irresponsible provocations against neighboring states. As for our relations with Iraq, the situation is entirely different. There have been some problems which have affected the brotherly relations between the two countries. But we still have relations with Iraq and our embassies in Baghdad and Aden are functioning normally. On our part, we tried to avoid a deterioration in the relations between the two brotherly countries and we hope that these relations will go back to normal in the near future.

Defense of the Soviet Presence in Afghanistan

[Question] The PDRY maintains distinct relations with the Soviet Union. There are those who believe that there has been a difference in the positions of the Arab and Islamic states vis-a-vis the Afghanistan question. How can we reconcile the positions of our states on their major issues if we maintain different views and perceptions of our issues?

[Answer] We frankly believe that the major cause of the developments in Afghanistan is the interference of the traditional colonialist forces. We agree with the proposition that non-interference in the affairs of the independent Afghan state is

a basic condition for the return of the situation to normal. We believe that since the imperialist powers allow interference in the affairs of independent states, the peoples of these states are entitled to seek assistance to preserve their sovereignty and independence. This is consistent with the spirit of the United Nations Charter and international norms. We believe that Pakistan's announcement that it is prepared to establish a dialogue with Afghanistan provides a proper first step toward settlement of the Afghan problem. We hope that this would gain the support of other states.

The Collapse of Camp David

[Question] There are several alternatives to a peace settlement in the Middle East, primarily the Arab alternative which calls for the liquidation of internal disagreements. Another alternative calls for involving the two superpowers in the peace settlement. A third one poses a different view which says that the states of the region should be realistic and exchange immediate recognition. What is your country's view on that?

[Answer] We believe that what is missing is the Palestinian alternative which comprises the rights of the Palestinian Arab people to the establishment of an independent state on their soil. You and we support that alternative and reject the Camp David alternative which has reached a stalemate, as we all know. We believe that purifying the atmosphere between the states which have stood against the Camp David accords is a fundamental condition for strengthening the Arab position in support of Palestine. In this case, I believe that the participation of all the parties that can be influential in the Arab-Israeli conflict would contribute to the settlement of that issue.

[Question] President-elect Reagan is about to enter the White House. How do you view the positions of the new American Administration on the Middle East and its various issues through Reagan's statements that there is a new Camp David initiative?

Nothing New in America's Position

[Answer] It seems that the Arabs tend to apply cosmetic touches to things--and I think you share this view with me. The new American Administration has early on declared its bias toward the Zionist enemy and its blatant hostility to the Palestine question and its intention to recognize Jerusalem as the capital of the Zionist enemy. Add to this the recent statements by the forthcoming American secretary of state with regard to their intentions to interfere in our region. All this clearly signals the bias of the American policy in favor of the Zionist enemy. We do not see any change in the position of the new American Administration. On the contrary, its hostility toward our just causes will become more ferocious.

9254

CSO: 4802/372

' 'ABBAS' BRIGADE DESCRIBED

Aden AL-RAYAH in Arabic 8 Mar 81 p 2

[Article by 'Ali Salih al-Khalaqi: "Soldiers Personify Nation and Revolution's Pulse. Brigade Success in Combat Due to High Consciousness and Competency of Soldiers"]

[Text] In this issue, we will meet the soldiers of the Martyr "'Abbas" brigade, those heroes who nobly stand and defy death, ever vigilant, fingers of the trigger, personifying the nation's pulse and arteries.

Our visit to this valiant brigade came as our field tour continues. We began, in the issue before last, with the 30th brigade. Our purpose is to learn about the soldiers' life, and to report a living picture of their daily activities and struggles.

Before our surprise arrival at the "'Abbas" brigade, during a pitch-black, bitterly cold night, we were forced to close the car windows, as the cold increased. Meanwhile, I had my first look at our heroic soldiers. They were on the firing line, defying the harsh conditions and weather changes, carefully watching over our nation's security and our revolution's achievements.

We arrived at brigade headquarters in the first part of the night, and were warmly welcomed by armed comrades. In fact, the first thing that caught our attention, as soon as we entered the camp's gates, was the cleanliness, aesthetic qualities, and strict organization, which was apparent throughout the camp, in its roads and barracks, as revealed to us by the car's headlights. We realized that this life is guided by a strict regimen, which binds together the soldiers, and is a necessary sacrifice in their conduct and deportment. It also emphasized strongly for us the warm, comradely relations which bind the soldiers together, irregardless of rank or responsibilities. In fact, they are like one harmonious and loving family.

Field Trip Escorted by Brigade Commander

At sunrise the following day, we began to carry out our mission, guided by the schedule prepared for us by brigade hq. The brigade commander thought we should begin with a reconnaissance tour of the positions being held by the brigade soldiers. We were driven from one post to another, and we saw the well-planned defenses that had been built by the brigade soldiers. We came away with a single impression of those commandoes, whose sole inspiration is our citizens' security and our nation's

integrity. They have no holier and nobler mission than defending the nation, and sacrificing their lives and blood on behalf of the revolution's victory.

We continued our field tour, and were taken to another position, where one of the brigade companies was carrying out firing training on light weapons from three positions. Training was also being done on a series of movements. The soldiers were distinguished by their rapid movement, while executing the training. They appeared to be superbly proficient, which reflects the extent of their preparedness to execute any mission entrusted to them.

From Classroom to Actual Application

The brigade has qualified leadership cadres, well-trained in higher tactics and tactical aspects, since most of the officers received their military and specialty education in military institutes and colleges at home and abroad. The brigade Hq, as well as the brigade commander, has stressed increasing the leadership cadres' competence in military, political and technical specialties, for the purpose of increasing their military knowledge, polishing their combat proficiency, and instructing them on the fine points of battle tactics and the art of military science.

To this end, brigade Hq pursues various methods, including organized study periods, which the officers attend. We were able to visit the classroom, where officers were receiving instruction in military topography. At the conclusion of the period, everyone was transported to the training field to apply, practically, the theoretical knowledge they had received.

Brigade Hq also gives similar attention to preparing the troops and NCO's, in order to increase their military knowledge and combat and technical proficiency, and develop their military abilities, upon which the combat capabilities of their subordinate units basically depend.

The brigade commander pointed out one of the soldiers of this company. He was Sergeant 'Abdrubihi Qahtan Hassan, who was listening very attentively to his company commander's instructions. The brigade commander said of him that he was an example of a brave and courageous soldier. He was wounded in the war, having been hit by two bullets in his body. The first one passed through, and the second lodged in his body, so that it had to be removed in a hospital in Ushayb. No sooner had Comrade 'Abdrubihi recovered from his wounds' effects, than he returned to his unit to resume his beloved military duties. He was promoted to the rank of first sergeant, and today he capably leads a platoon. Despite the fact that he has not been qualified in a specialty, he has gained experience and proficiency during his military service. He has gained the respect and esteem of his superiors and subordinates.

We talked with 'Abdrubihi about the battle in which he was wounded:

"In 1975, we were three "DSHK" [Soviet machine gun] crews, opposing an army of 500 mercenaries, equipped with arms and ammunition. They wanted to infiltrate our borders. An unequal battle broke out, which lasted 5 hours, during which we were able to gain victory and overcome the large hostile forces. We utterly defeated them. In this battle, Comrade 'Abduh Muhammad Balmayun was killed, and five other comrades wounded."

With the Tank Heroes and Artillerymen

When we came upon them, they were like the other brigade soldiers, carrying out training to get the tank crews ready for battle, drawing on the brigade's combat training program. We found them burning with zeal and vitality. Their expressions revealed the true fact of our revolution's strength and pride.

They were receiving instruction in military tactics, and firing and technical training. After completion of the studies, they dispersed to their tanks to apply what they had learned, in terms of special technical studies for tanks, the components of cannon and machine guns, and the balancing system for cannon guidance. We left the tank heroes, and then went to one of the artillery emplacements. There, the artillerymen, like the other brigade soldiers, were receiving military training. They were tasked with the immediate job of destroying likely enemy targets. No sooner had they completed a round of firing, than they sped to reload their guns, as if they were in the thick of a real battle.

Readings in the Brigade's History

After completion of our field tour of the brigade's various units, we still had to learn about the glorious history of this intrepid brigade. Therefore, we had a joint meeting with the brigade commander, the chief of the political department, along with the assistant chief of the political department, for youth affairs. The fact is that, within such a limited scope as this, we cannot go into much detail about the brigade's glorious history. We shall be content to offer a summary of our meeting with those comrades in brigade Hq.

At the outset, the brigade commander spoke. He said that the Martyr "'Abbas" Brigade was formed on 17 October 1970. Its name immortalizes the martyr Ahmad Salim Tawhal "'Abbas", who gave his life in sacrifice for the revolution's victory. "The brigade's formation came as an urgent necessity, dictated by the vicious, reactionary imperialist attack, to which our country was exposed, as a result of the victory of the correctional step. Our brigade plunged into battle to defend the nation, with death-defying determination. Our soldiers wrote some brilliant pages in the glorious history of our armed forces, in the thick of heroic battle, into which they plunged defending the revolution and the nation.

"We have every right to say that our brigade has become strong and powerful. Today, it is more capable than at any time in the past, able to execute, with extreme precision, the missions required of it. We can boast of the advanced level of development attained, whether in armament, or in the combat and political readiness of the heroic soldiers, whose practical ability and experience was gained in battles against hordes of hostile imperialists, reactionaries and mercenaries. The brigade offers a shining example, in terms of its soldiers who gave their lives as the price of our people's freedom, and our nation's sovereignty. These martyrs include Pvt 'Abduh Muhammad 'Abdullah, recruits 'Abd al-Razzaq 'Ali Thabit and Nasir Sa'id Ahmad, Pvt Muhammad Salih Bajlah, and others.

"On the Arab level, brigade personnel took part in the Arab deterrent forces to maintain security and peace in Lebanon. Our soldiers, by their conduct and bravery, acquitted themselves admirably.

"We are continuously striving to strengthen and improve the brigade's combat capabilities, through intensifying difficult battle training, in order to polish our personnel's combat proficiencies and condition them to endure hardships patiently, steadfastly and firmly when carrying out any mission, under any circumstances. Our premise for that is that a drop of sweat on the training field saves drops of blood in battle. It is enough for us to boast that our brigade has achieved positive and distinguished results in all tactical exercises and military maneuvers. It has been able to occupy first place among the infantry brigades for 3 consecutive years, 1977-79. It also won second place in 1980.

"From the preceding, it can be confidently said that the brigade enjoys combat readiness and a high level of political morale, which enables it to achieve success in any mission required of it, with precision, proficiency and in a timely fashion.

"The brigade has received numerous certificates of appreciation, whether for combat, or tactical exercises, or for combat and political training. Moreover, a number of its soldiers have been awarded medals of valor, including Ahmad 'Abdrubih al-Kilbi, Nasir Husayn al-Duhuli, and Nasir Ahmad Muthazam. This was in consideration of the heroic deeds, which they accomplished in battles defending the nation and the revolution."

Foundation of Success and Victories

The chief of the political department made clear the important role carried out by this department, since its formation in 1979. He said: "The political department, in its work, follows the lead of the party charter, decisions and guidance, and the orders of the minister of defense, and the director of the political bureau. It strives to strengthen the party's leadership role among the soldiers, train and educate them in scientific, socialist ideology, and instill unshakeable faith in them in the justice of the revolution's cause. The political department undertakes to direct and supervise the activities of the party and infrastructural organizations, considered the strongest force for positive influence in increasing consciousness among the personnel, the level of their military discipline, development of their political and military understanding, and form their high characteristics, such as bravery and loyalty to the nation and party.

"Despite the political department's limited experience, we have picked out many positive factors, in terms of political and military education for the soldiers, to direct their energies and abilities to a continuing high level of combat capability for the brigade. In the past, our activity has concentrated on sound planning, whether with regard to political and ideological training, or organizing lectures, political and intellectual forums, and military meetings, or encouraging local radio broadcasts, wall newspapers, organizing political labor day, and operating television cameras and movie projectors. Moreover, there are various sports, cultural and artistic activities that the party and infrastructural organizations undertake, which receive our support and sponsorship.

"Success in combat depends on the extent of the soldiers' political and ideological consciousness, firmness of morale and psychological spirit, and military competence. Therefore, all party and political activities are directed toward the creative execution of the plans for combat and political readiness, and to bolster military

discipline. One can boast that the brilliant successes achieved by the brigade, in defensive battles or on the training fields, are fundamentally due to our party's leadership role, which the political department and party organizations are achieving."

With the Young Soldiers

Because most of the brigade's personnel are primarily young men, the characteristic that covers all aspects of life in the brigade is tireless activity and vitality, which are at the same time, the characteristics of youth. The assistant chief of the political department for youth affairs says that the infrastructural organizations assume an important role in helping the party organizations to achieve party policy, and educate the young soldiers with the ideas and lofty principles of the revolution.

"The infrastructural organizations do their planning in coordination with party organizations. The infrastructural people take part in carrying out political and ideological training, and are also concerned with questions of preparing and qualifying the youths for party membership."

Final Word

We left the Martyr "'Abbas" brigade carrying feelings of admiration and respect for those fortunate heroes, who stand proud and majestically on the summits of mountains and in the depths of wadis, loyally defending the workers' interests and the nation's sacred ground.

It is true to say that this small space would not allow us to say more about the brigade's heroics and its daily successes on the training fields, in the classrooms, and in steadfast, death-defying positions, or about its achievements during its short history, filled with glory and populated with heroes. Let us just say, confidently, that our revolution has strike forces to ward off dangers and attacks, powerfully and firmly, at any time.

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CSO: 4802

PRODUCE AVAILABILITY SITUATION REVIEWED

Aden 14 OCTOBER in Arabic 10 Mar 81 p 2

[Interview with Muhammad Haytham, Director General of the General Organization for Vegetables and Fruits, by 'Umar Bawazir: "Fruit and Vegetables, Their Availability in the Markets. Supply, Prices Weight--What About Them?"]

[Text] During the winter season, since the beginning of this year, an abundance of fruit and vegetables have been available in the markets. Even though some of them were in short supply in the market for about a month, that does not negate the fact that great efforts were made by the organization to make fruit and vegetables available, in order to stabilize the market, and reassure the citizens that they could obtain their supply of these commodities, which is a reflection of the situation prevailing in past years.

Satisfying the citizens' needs is the goal in all our articles, whether with regard to fruit and vegetables, or other purposes, in our dealings with the negative and positive factors, to avert any shortage of fruit and vegetables, to improve matters, and to work to make them available throughout the year, in accordance with the market's needs and the citizens' demands, in order to fulfill their daily food requirements.

This abundance of fruit and vegetables these days, which we mentioned, is worth stopping to discuss, and learn the reasons why. The level of this supply must be maintained without reverting to past conditions, and the consequences of that, in terms of problems and shortages in the market. This itself reflects on the psychology of the citizenry, due to non-compliance with their demands.

Supply and its Problems

Brother Muhammad Haytham, director general of the General Organization for Fruit and Vegetables, says that the supply of vegetables and fruit these days is plentiful. "We are almost able to fulfill all the citizens' needs. However, we want to make it clear that the supply does not come easily, especially commodities that we must import from abroad. There are many factors that we encounter, including rising prices world-wide, rising transportation costs, which recently rose 50 percent over previous costs, due to the fact that many insured freighters do not do business with the port of Aden, resulting from delays in unloading there.

"That causes many problems for the organization in consigning its goods, in accordance with the schedule of market needs, which forces us to deal with any ship available at the right time. As a result of that, the organization bears any losses stemming from that shipment, in terms of spoilage or damage, etc. This occurs when the insurance carries no responsibility for any damage to the fruit or vegetables!"

Rise in Prices

[Question] During the past few months, the citizen has noticed some small price increases. What are the reasons for that?

[Answer] Of course there have been small increases in the prices of some fruit and vegetables. But, these increases could never be compared with the cost of these commodities in neighboring countries. In comparing our prices with their prices, our country is still cheaper with respect to vegetables and fruit than those countries. As to the increase of prices, the factors that we mentioned at the outset of our interview are the cause.

Pricing Violations

[Question] Many citizens complain about the merchants' behavior in distribution centers, whether in regard to cheating in weighing, or violations in pricing. These problems were raised a while ago, but there has been no improvement. What about this?

[Answer] We agree with the citizens, and with you, regarding the spread of these practices. In fact, we have noted these violations by some merchants. Those responsible for the centers, and the citizens, must watch for any pricing violations.

In order to deal with this matter, the organization's bureau drew up several regulations, enabling the citizen to determine his rights, in the event he is subject to any cheating regarding weights or prices. These measures follow the pattern of: Contact directly the person responsible for the center, in order to investigate, and arrest the violator, in accordance with the directives and punitive measures, which the organization's bureau has determined. In the event of any neglect by the official in charge of the center, the citizen must contact the organization's office directly.

Moreover, the people's surveillance system and the security apparatus are concerned about keeping these things under control, and punishing everyone who speculates with prices and weights.

Domestic Production and Imports

[Question] The discussion about vegetables and fruit, and the issues of their supply, led us to discuss the shortages of some of these commodities. What causes this? Are these shortages attributable to bad planning with respect to imported commodities?

[Answer] The availability of fruit and vegetables, and the organization's ability to supply them to the citizenry, are governed by two basic issues: The connection between domestic production and its circumstances, and importation. Domestic pro-

duction, as is well known, is governed by the various agricultural seasons for vegetables and fruit in the different provinces, which are divided into three seasons for purposes of agriculture and harvesting.

For part of the summer, beginning 1 May of each year, we concentrate on growing vegetables and fruit in the areas of Lawdar, Mudiya, Makayras, Daman, and Jayshan in the province of Abyan, as well as in the area of Bayhan in Shabwah province, where onions, potatoes and garlic are grown. Also, the Wadi Hadramaut grows onions and garlic.

To a great extent, these areas depend on prolonged rains during various seasons to irrigate their lands. When there are prolonged rains, as happened last year in Lawdar, Mudiya, and Makayras, the water in the wells seeps into the ground. That had an effect on vegetable production, and caused the farmers to turn to growing fodder crops, which require less water, in terms of the number of times it needs to be irrigated. This changeover led to the organization being unable to completely satisfy the market's needs.

In the winter, when the cultivation of fruit and vegetables is concentrated in Lahaj and Abyan, and to a lesser extent in Lawdar and Mudiya, the organization amasses large amounts of commodities. However, some of them spoil, especially vegetables, because the organization takes delivery of large quantities, some under contracts, and others without contracts, in order to avoid any problems.

In addition to these problems, there are others that the organization faces, stemming from domestic production. These occur during the transporting of these products, especially when production is plentiful, from the areas of Bayhan, Makayras and Jayshan, due to difficult roads and the nature of the vegetables' load limits from these areas. Many types of vegetables, for instance, are transported in loads reduced from 12 tons to 3 or 4 for some types. This results in increased marketing costs and an increase in percentage of costs.

To solve this problem, we think that the only way to avoid these losses is by road improvements and continuous repairs.

Storage and Imports

With regard to imports, the organization's director general said that there are many problems facing the organization, headed by the shortage of storage space. "Warehouses currently can only accommodate a 1-month supply of the market's requirements. That cold-storage space is more than 1200 tons, but the market requires storage space of more than 3000 tons monthly for eggs, fruit, potatoes, etc.

"The shortfalls in storage space, with which the organization lives, causes many problems, which we can summarize as follows:

* The inability of the organization to contract with any foreign company, which could cover the market's needs for 2 or 3 months. This has resulted in preventing the organization from obtaining better price concessions and shipping costs, and to avoid market shortfalls.

* Importing small quantities every month, in accordance with our storage capabilities. In doing this, we are faced with the problem of obtaining ships, at the required time, from the various nations from which we chiefly import. The seasons for imported produce varies from one country to the other.

"During the past few months, the organization eliminated the problem of storage for oranges, since they are imported from Jordan in regular monthly shipments throughout the orange season there. However, this situation will cease after the conclusion of the orange season in Jordan. Another schedule for importing oranges from Australia is being set up, and we will once again be governed by traffic routes and storage space.

"To solve this problem, and to eliminate shortfalls of some imported commodities, we feel that it is necessary to expand the construction of more cold-storage facilities, with a greater capacity, so that the organization can fulfill the market's growing demands."

Our Observations

* We emphasize increasing the supply of fruit and vegetables for the citizenry, in accordance with party and state directives. We must put them within everyone's reach in the republic, and not limit them to only one province.

* There is a need to deal with local production conditions, strengthen the farmers' endeavors, induce them to cultivate these products, and increase the capabilities to raise production levels.

* Obtain new scales, in order to avoid any cheating or deception by some merchants in the centers, and follow up any deterring regulations, which the organization establishes for any violation of weight or pricing, by those responsible for the centers themselves, since many citizens complain about the unresponsiveness to their complaints by some officials in these centers.

* Expand the sales centers in the quarters and housing units that are densely populated in the province, in order to avoid the pressures of long lines, and jostling, from which the citizens suffer every day.

* Make better conditions available for storage, communications, and roads from the places of production to the distribution centers.

* Increase the number of sources of imports. However, as we noted in our interview with the organizations' director, importing from Jordan has its special advantages, in terms of observing available storage space. For all that, as mentioned in the interview, importing fruit from Jordan is limited to oranges only. After the orange season is over, there will be another schedule to import oranges from Australia. Therefore, we will revert to the problems and difficulties which stand in the way of imports.

We propose to the organization that they consider importing other summer fruit from Jordan or elsewhere, especially since the countries facing on the Mediterranean are noted for plentiful production of fruit of various types.

Price lists for each change occurring in prices have been placed in each sales center, as a result of differences of opinion, and are overseen by the responsible official. It should be noted that many lists have been put up, but how quickly they are torn down.

List of Prices for Principal Types of Vegetables and Fruit

<u>Type</u>	<u>Price per Kilo</u>
Potatoes	200 fils
Onions	150 fils
Dozen Eggs	500 fils
Bananas	100 fils
Tomatoes from 1/12 to 30/4	80 fils
Tomatoes from 1/5 to 30/6	150 fils
Tomatoes from 1/7 to 30/11	200 fils
Green peppers (winter)	110 fils
Green peppers (summer)	160 fils
Okra (winter)	160 fils
Okra (summer)	130 fils
Eggplant (year round)	80 fils
Garlic	500 fils
Red Peppers	1000 fils
Ginger	1000 fils
Oranges	450 fils
Apples	500 fils
Grapes	600 fils

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OFFICIAL TEXT OF MECCA DECLARATION PUBLISHED

Saudi Arabia THE JOURNAL RABITAT AL-ALAM AL-ISLAMI (Muslim World League) in English Mar 81, pp 9-13

[Text:]

We, the Kings, Presidents, Emirs and Heads of Government of the Member States of the Organization of the Islamic Conference.

Assembled at the Third Islamic Summit Conference held in Makkah al-Mukarramah, from 19-22 Rabi-ul-Awwal 1403H, corresponding to 25-28 January 1981 A.D.

Bow in gratitude to Allah, the Almighty, Who Has, in His Infinite Grace, enabled us to congregate in this Sacred City, in the vicinity of the Ka'bah, venue of Divine Revelation and the Qibla of all Muslims, at the dawn of the new Hijra Century in an assembly which we consider to be a momentous event in the history of the Islamic Ummah and the beginning of an all-embracing Islamic resurgence, demanding of all Muslims to pause and take stock of their past, evaluate their present, and look forward with confidence to a better future in a spirit of Islamic solidarity in order to restore the unity of their ranks, work for their prosperity and advancement, and achieve, once again, an exalted position in the world community and human civilization.

Strict adherence to Islam and Islamic principles and values, as a way of life, constitutes the highest protection for Muslims against

the dangers which confront them. Islam is the only path which can lead them to strength, dignity and prosperity and a better future. It is the pledge and guarantee of the authenticity of the Ummah safeguarding it from the tyrannical on-rush of materialism. It is the powerful stimulant for both leaders and peoples in their struggle to liberate their holy places and to regain their rightful place in this world so that they may, in concert with other nations, strive for the establishment of equality, peace and prosperity for the whole of mankind.

The belief of all Muslims in the eternal principles of liberty, justice, human dignity, fraternity, tolerance and compassion and their constant struggle against injustice and aggression reinforces their determination to establish just peace and harmony among peoples, to ensure respect for human rights, and to work for the strengthening of international organization based on humanitarian principles and peaceful co-existence among nations. Thus a new age would dawn wherein relations between nations would be governed by principles and not by force, and wherein all forms of oppression, exploitation, domination, injus-

rice, colonialism and neocolonialism, as well as all kinds of discrimination on grounds of race, colour, creed or sex would be banished for ever from this earth.

We declare that only firm adherence to our faith will enable us to retain the strength of our social structures and help our communities to avoid succumbing to the disunity and degradation of the past when many Muslim homelands, particularly Al-Quds al-Sharif — the first Qibla and the third holiest shrine of the world of Islam — fell prey to foreign domination. History is replete with instances where Muslim communities have fallen victim to injustice and aggression; their intellectual achievements eroded; their share of their own material resources diminished. Indeed the dawn of the century saw the Muslim world confronting dangers and challenges to its independence, security, honour and dignity.

We are saddened to note that despite all its material and scientific and technological achievements mankind today suffers from poverty of the spirit, from moral and ethical decay and societies are marred by inequities, economies are crippled by severe crises and international political order is in constant danger of destabilization.

The forces of evil are now on the march, multiplying the hotbeds of war, sowing the seeds of dissensions, threatening the security of the world, man's peace of mind, and jeopardizing human civilization.

We consider that the innate qualities of the Muslim Ummah point the way to unity and solidarity, to progress the Book of God and the Sunnah of the Holy Prophet (peace be upon him). In them can be found a complete way of life leading us, guiding us along the path of goodness, righteousness and salvation. This is

our cultural heritage. It enables us to break the shackles of subservience and mobilize in us the spiritual strength to utilize to the fullest extent our inherent capabilities. It is our sheet anchor for a righteous life.

It is our conviction that the Ummah of 1000 million people, composed of various races, spread over vast areas of the globe and possessing enormous resources, fortified by its spiritual power and utilizing to the full its human and material potential, can achieve an outstanding position in the world and ensure for itself the means of prosperity in order to bring a better equilibrium for the benefit of all mankind.

We meet today in this august assembly and in this Serene City on this momentous juncture in the annals of Islam, determined to reinforce our solidarity and set in motion the process of our renaissance. To this end, we make the following solemn declaration:

1. All Muslims, differing though they may be, in their language, colour, domicile or other conditions, form but one nation, bound together by their common faith, moving in a single direction, drawing on one common cultural heritage, assuming one mission throughout the world. Thus, they stand as a nation of moderation, rejecting alignment to any and all blocs and ideologies, steadfastly refusing to surrender to divisive influences or to conflicts of interest.

We are, therefore, determined to move forward to reinforce our solidarity, to overcome rifts and divisions and to settle in a peaceful manner all disputes that may arise amongst us on the basis of equanimity and the principles of brotherhood, unity and interdependence and on our belief in the justice and compassion

derived from the Holy Book of Allah and the Sunnah of His Prophet, which constitute for us the eternal source of justice.

In fulfilment of the aspirations of our peoples, we shall intensify consultations amongst ourselves and complement and coordinate our endeavours in the international field in order to better defend our common causes and thus to enhance our prestige and position in the world.

We are equally determined to engage in Jihad with all the means at our disposal, to liberate our occupied territories, to support one another in defending our independence and territorial integrity, in vindicating our rights and in eliminating the injustices reaped on our nation, depending on our own strength and firm solidarity.

2. Conscious that Muslims today are victims of innumerable injustices and are faced with multiple dangers due to the reign of force and aggression and the politics of violence in international behaviour;

Conscious also of the fact that Islam enjoins justice and equity both for its followers and others and it also enjoins tolerance and magnanimity towards those who do not combat us, do not force us to leave our homes and do not violate our sacred values and which never takes the side of wrong-doing, injustice or oppression

We reaffirm our unflinching resolve to combat the Zionist usurpation by force of arms of Palestinian lands and other Arab territories and to frustrate all Zionist designs and actions in this regard. We condemn and reject the policies of those who assist this aggression by giving the Zionist entity political, economic, demographic and military support. We equally reject all initia-

tives that are not consistent with the Palestinian choice which calls for a just solution of the Palestinian question based on the realization of the inalienable national rights of the Palestinian people including their right to return to their home, and, their right to self-determination including the right to establish an independent Palestinian State in their homeland under the leadership of Palestine Liberation Organization, the sole and legitimate representative of the Palestinian people. We also reject all attempts to exert pressure on us or on other countries of the world to accept a *fait accompli* and to surrender to unjust solutions. We affirm our resolve to confront this aggression and pressure with the means at our disposal to prepare ourselves for Jihad in order to liberate the occupied Palestinian and Arab territories and the holy places and to recover the incontrovertible rights of the Palestinian people as recognized by International Law and the U.N. Resolutions relating to the question of Palestine.

The violations committed against the Haram of Al Quds Al Sharif, the aggression perpetrated against the people of Palestine and their established national and religious rights, and the continuation of aggression through the annexation of Al Quds Al Sharif leave us no choice but to firmly stand up to this aggression and to denounce its supporter. We, therefore, pledge to wage Jihad with all the means at our disposal for the liberation of Al Quds and the occupied territories. We shall make this liberation struggle the prime Islamic cause of this generation until God willing Al Quds Al Sharif and all the occupied Palestinian and Arab territories are restored to their legitimate owners.

Faced with the open invasion of the territory of Afghanistan, a Sovereign Muslim State and the violation of the right of Afghan people to freedom and self-determination and their right to preserve their Islamic identity, we are determined to continue to support the struggle of the people of Afghanistan and to feel deeply concerned over the situation created by the foreign military intervention in Afghanistan.

We reaffirm our determination to seek a political solution of this crisis, on the basis of an immediate and complete withdrawal of foreign forces from Afghanistan, respect for political independence and territorial integrity, as well as the non-aligned nature of Afghanistan, and respect for the inalienable rights of the heroic Afghan people to self-determination without any foreign intervention or pressure.

We declare our full solidarity with the people of Afghanistan, who are engaged in a Jihad to attain their freedom and independence.

We express our deep concern over the increasing rivalry between the Superpowers, their competition for spheres of influence and their increasing endeavours to intensify their military presence in the areas near and adjacent to the states of the Islamic world, such as the Indian Ocean, the Arabian Sea, the Red Sea and the Gulf.

We affirm our common conviction that the peace and stability of the Gulf and the Security of its sea lanes, is the exclusive responsibility of the Gulf States without any foreign interference.

The persecution of Muslim minorities and communities in many parts of the world constitutes a violation of human rights and is contrary to the dignity of

man. We call upon all countries which have Muslim minorities to enable them to perform their religious rites in full freedom and to extend to them equal rights as citizens protected by the State in accordance with the sanctity of law.

3. Taking note of the present state of international relations, which are characterized by the evils of bigotry and racism, dominated by the rule of force and the arms race, by greed and injustice, colonialism and exploitation of weak nations, factors which threaten our civilization and disturb social and material equilibrium of the world, desirous of seeing that the forces of good throughout the world establish the human values of fraternity, humanity and justice; we call upon all states and peoples of the world to re-build it anew, through sincere and concerted efforts, so that peace may prevail and conflicts and wars may be avoided. We call for the disputes to be settled peacefully, and for relations to be conducted constructively, for man's capacities to be harnessed in the service of humanity, instead of being wasted in a race for the acquisition of armaments and of weapons of death and destruction. Should this come to pass, justice would prevail and human relations would be established on the basis of equality and fraternity, benevolence and compassion, and not on the basis of discrimination and injustice. Thus, would the oppressed peoples of the earth be liberated; thus would they avoid the mischiefs of war-mongers; thus would mankind be blessed with peace, and basic human rights be once again triumphant.

We resolutely support, and call others to support, the United Nations Organization and all other inter-governmental institu-

tions which provide a suitable framework for cooperation, an important platform for dialogue and understanding, and an instrument for settling disputes and resolving crises. We strongly denounce any tendency to impose tutelage on and obstruct the activity of the U.N. We condemn Israel and the States which systematically violate the principles of the U.N. Charter. We confirm our loyalty to the principles and aims of non-alignment and support the League of Arab States and the Organization of African Unity, and our full solidarity with the countries of the Third World.

4. Convinced of the need of our people to adhere strictly to their faith and to rely on their heritage in the building up of a society committed to faith, justice and morality, we confirm our determination to be guided by the Book of Allah and the Sunnah of the Holy Prophet in shaping our lives and our societies and in strengthening our relations with peoples and countries of the world. In this, we proceed from the belief that this is the best guarantee for the triumph of truth and virtue and for the establishment of justice and peace; it is also the surest path to dignity, prosperity and security for the Islamic Ummah.

We reiterate our desire to establish the practice of "Shura" (consultation) among all Muslims, to normalise this principle in all walks of life, in order that the doing of good deeds may be promoted and wrong-doing eliminated. Thus would solidarity be implanted in the collective conscience and people would participate in the running of their affairs putting an end to dissension and discord. We shall make every effort to facilitate contacts between individual Muslims and between specialized institutions

in order to provide opportunities for continuous consultation. Inspired by the Book of God and the Sunnah of the Holy Prophet which are a basic source of guidance in this regard we affirm our determination to protect human rights and dignity. We like-wise affirm our determination to ensure the rights, freedoms and basic needs of mankind. We shall endeavour, to this end, to establish the basis and the means for the protection of rights and sacred values, for the removal of injustices for the triumph of all people struggling to achieve independence, freedom and justice and for the upholding of the principles of justice and dignity whenever they are violated, including Palestine and South Africa.

5. Aware of our common interests, we declare our determination to eliminate poverty from which some of our peoples continue to suffer, by consolidating our economic cooperation on the basis of complementarity and pooling of our resources to achieve coordinated development of our countries, we also declare our resolve in a spirit of Islamic solidarity, to promote economic development of the countries which are least developed amongst us. We further pronounce our resolve to rationalize our development policies in order to ensure balanced progress in both the material and spiritual domains.

We call for efforts to be made to establish economic relations in the world on bases of justice, interdependence and mutual interest, to ensure the disappearance of the wide gap separating the industrialized countries and the developing and poor countries, and the institution of a new economic order based on equity and solidarity, under which

development policies, a. 2 rationalized and integrated to eliminate, once and for all, famine and its dangers, as well as all kinds of deprivation and all forms of exploitation of peoples suffering under the effects of colonialism and backwardness and to ensure the development of these countries and the proper utilization of their resources. We reaffirm the right of States to have sovereignty over their natural resources and to control their exploitation.

6. Believing the tenets of Islam which preach that the quest of knowledge is an obligation on all Muslims we declare ourselves determined to cooperate in spreading education more widely and strengthening educational institutions until ignorance and illiteracy have been eradicated and to take measure aimed towards the strengthening of Islamic educational curricula and to encourage research and Ijtihad among Muslim thinkers and Ulema while expanding the studies of modern sciences and technologies.

We also pledge ourselves to coordinate our efforts in the field of education and culture, so that we may draw on our religious and traditional sources in order to unite the Ummah, consolidate its culture and strengthen its solidarity, cleanse our societies of the manifestations of moral laxity and deviation by inculcating moral virtues, protecting our youth from ignorance and from exploitation of the material needs of some Muslims to alienate them from their religion.

Believing in the need to propagate the principles of Islam and the spread of its culture, glory throughout the Islamic societies and in the world as a whole and to emphasize its rich heritage, its spiritual strength, moral values

and laws conducive to progress, justice and prosperity, we are determined to cooperate to provide the human and material means to achieve these objectives. We also pledge to exert further efforts in various cultural fields to achieve rapprochement in the thinking of Muslims and to purify Islamic thought of all that may be alien or divisive. We further pledge ourselves, within a framework of cooperation and a joint programme to develop our mass-media and information institutions, guided in the effort by the precepts and teachings of Islam, in order to ensure that these media and institutions will have an effective role in reforming society, in a manner that helps in the establishment of an international information order characterized by justice, impartiality and morality, so that our nation may be able to show to the world its true qualities, and refute the systematic media campaigns aimed at isolating, misleading, slandering and defaming our nation.

7. Recalling with satisfaction the establishment of the Organization of Islamic Conference, and noting with pleasure the progressive development of this Organization, as well as its growing status in international forum as a symbol of the unity of Muslims and a framework of understanding and rapprochement among them, and noting also the establishment of other institutions emanating from the Organization, and the continuation of joint efforts in this direction, we commit ourselves to support and develop our organization, and to provide it with appropriate skills and adequate resources, so that it may discharge the noble tasks assigned to it, and further to support the Islamic Solidarity Fund and Al-Quds Fund as well as

other organs and projects of the Organization to ensure their success.

We jointly pledge to support all international and inter-governmental Islamic bodies and institutions which conform to the objectives of our Organization for the purpose of strengthening the bonds of brotherhood between Muslims, intensifying their cooperation in various fields and reinforcing their international role. We also jointly pledge to support non-official Islamic bodies and institutions which serve the purposes and principles of the Charter of our Organization in a manner that is not contrary to the legislation of the

member States.

We appeal to our peoples to hold fast to the teachings and cultural values of our religion, to unify their forces so as to face the challenges that confront them and to support one another in improving their conditions and achieving strength, dignity and prosperity.

We appeal to all other States and peoples to reciprocate the sentiments of the States Members of the OIC and their peoples in a sincere spirit of human brotherhood. Let us banish all hatred, injustice and oppression so that we may together build a world fit for mankind and so that we may enhance the level of our spiritual

and material life.

We pray to God to set us on the right path, to crown our efforts with success, and to lead us to a righteous life.

"Allah hath promised such of you as believe and do good works that He will surely make them to succeed (the present rulers) in the earth even as He caused those who were before them to succeed and that He will surely establish for them their religion which He hath approved for them, and will give them in exchange safety after their fear. They serve Me. They ascribe nothing as partner unto Me. Those who disbelieve henceforth, they are the miscreants."

FIVE NEW OIL REFINERIES TO BEGIN OPERATING BY 1983

GF191200 Jidda ARAB NEWS in English 18 Apr 81 p 3

[Text] Riyadh, 17 Apr (SPA)—The five new oil refineries being built by Petromin in cooperation with international oil firms will start production by 1983 and will reach full capacity production in 1986.

A study prepared by Petromin said Friday that three export-oriented oil refineries are located in al-Jubayl, Rabigh and Yanbu'. The last two, which are lubricant, are being built in Yanbu' and al-Jubayl.

The al-Jubayl oil refinery is jointly owned by Petromin and Shell. It was the first project to be constructed by Petromin in al-Jubayl's industrial complex. Feasibility studies for the project were completed in 1975. It was endorsed last year and construction will begin by the end of this year.

The refinery will be finished in early 1985, and production will begin in the middle of the same year. The refinery will be built in an area of 2 sq km and will be run and maintained by 645 people. It will produce 250,000 barrels of crude oil daily which will be exported.

The refinery will produce high octane benzine, chemical feedstock naphtha, high and low sulfur gasoil, kerosene, heavy fuel oil, diesel, fuel oil (long residue) lpg and sulfur.

The Rabigh refinery is a joint venture between Petromin and Petrola. The refinery, located in the western part of Rabigh, will have a refining capacity of 325,000 barrels of crude oil per day. The products will be kerosene, treated naphtha, fuel oil, gasoil and sulfur.

Feasibility studies for the project were completed last year and construction will begin this year. It is expected to be completed by the end of 1983. The refinery project includes a port, airport and housing complex.

Meanwhile, Petromin and Mobil equally own the Yanbu' refinery which will have a refining capacity of 250,000 barrels of crude daily. The refinery will have a storage capacity of 13.2 million barrels, and it will be run and maintained by 706 people. It will occupy an area of 3.4 km.

The refinery will produce propane, naphtha, benzine, kerosene, diesel, marine fuel oil and sulfur. Petromin's board of directors approved the project in 1975, and it was endorsed last year. The project is in the stage of detailed designing now. Construction is expected to start later this year and be completed in mid-1984.

Yanbu's lube plant is a joint venture between Petromin and Ashland and will refine about 23,900 barrels of Arabian light crude. It will produce 5,000 barrels of lubricants. Products for foreign markets will be basic lubricants 100 and 250n and metallic oil. Construction will begin this year and be completed in 1983.

The Petromin-Exaco-Chevron joint ventures al-Jubayl lube plant will produce 12,000 barrels of high quality lubricants per day, in addition to 10,000 barrels of asphalt. The refinery specializes in producing high quality variety of lubricants on a commercial scale. Construction will begin in 1983 and will be completed 3 years later.

CSO: 4820

SOME ISLAMIC CONCEPTS OF EDUCATION

Saudi Arabia THE JOURNAL RABITAT AL-ALAM AL-ISLAMI (Muslim World League) in English Mar: 81 pp 46-48

[Text]

Every educational system has its own basic philosophy, principles and concepts. However, most modern writers on education avoid dealing with the nature, scope and method of Islamic education. They take it for granted that anything pertaining to educational principles and concepts should be sought from the Western sources and experiments. It does not occur to them that in Islam there are some "highly advanced" notions and values of education which are not examined and implemented even by Western countries and institutions. Thus it is a pity that today we are the followers of others whereas for hundreds of years we were the leaders in this domain and the whole world learnt from our premises and foundations.

The question that arises from this introduction is: "What is there in the Qur'an which pertains to education and knowledge?" In answer to this question it is worthwhile to mention that the Qur'an has given Muslims clear and distinct guidance in the realm of education. There are 750 verses in the Qur'an about education, learning and know-

ledge, while the verses devoted to matters of worship such as prayer, fasting, zakat, charity and the like are no more than 150. This shows the great importance the Qur'an attaches to learning and education. As a result of the inspiring influence of the Qur'anic injunctions, the Muslims assiduously set out on the path of learning and in a very short time the light of knowledge prevailed and the darkness of ignorance was dispelled. During the period of their eminence, the Muslims attained the highest research and intellectual standards and evolved remarkably efficient and beneficial systems of learning and education.

Let us consider only some of these Islamic educational concepts. We do not claim that we will make an extensive survey of these concepts and principles. Other interested writers and research workers may be able to make many additions to the following points:

1. The first concept of Islamic education is the way it perceives man in his relation to the universe. Islamic education reveals the uniqueness and beauty of the

universe and let man feel the secret hand of God behind its structure organization and orderly and harmonious movement. The great wonders of the universe are like an open book from which they can read and learn about God.

A cursory study of the history of the thought-life of mankind will reveal how extensively man has given thought to the nature of the cosmos and his relationship to it. One cannot escape the realization of the profound effect that man's view of the universe and his acceptance of his relationship to it have had upon social thought and behaviour. Yet, this vital aspect of man's complete adjustment to his environment (in the widest sense of the word) has been neglected by the western-type schools which have regarded the adjustment function in terms of social reactions alone, and indeed on far too restricted a plane. Man's adjustment has been kept within certain limits of geographical and national boundaries.

In Islam, however, the extensive and all-embracing outlook to the universe as a whole and to the presence and sovereignty of its Creator liberates man and elevates him to a destiny far beyond that of sensuous satisfaction alone. It removes the barriers between man and his fellowmen wherever they exist, for all are the creatures of God, the Creator of the Universe and the Governor of its affairs. This real and dynamic relationship between "man-in-the Universe" and God gives purpose and vital meaning to man's life. It extends his self to meet every other self in cooperation, peace and friendship, for concomitant with this notion is the other notion of brotherhood and equality of mankind. Under the banner of belief in God,

racism, discrimination on the basis of colour, social status, lineage, or any other consideration is abolished and man's relationship with the other fellowmen is based on the real worth and value of man.

The Qur'an says: "It is He (God) who has scattered you on earth, and to Him shall you be returned."

The Qur'an further says: "O Mankind! We have created you man and woman and appointed you nations and tribes so that you may know one another. Verily, the best of you in the sight of God is the best in conduct."

The Prophet of Islam (peace be on him) says: "The similitude of the Believers-in-God in their mutual friendship and sympathy is that of a living body: when one of its organs complains all the other organs respond actively and favourably." Thus Islam envisages the creation of a world-wide system of life and education and aims at producing individuals who promote friendship, mutual understanding and peace on a global level.

Those who still believe in the superiority of Western civilization and education should note that it is our Islamic civilization and education which abolished racial hatred and opened the way for human brotherhood and equality.

2. Another important aspect of Islamic education is that it deals with man as a whole-mind, body and spirit. It does not overstress one side at the expense of the others. It deals with all aspects of life on equal terms. Many verses of the Holy Qur'an call for the promotion of man's knowledge, of taking care of the body and also pointed out the way to moral and spiritual excellence.

3. Islamic education leads the student to feel that he is a dignified, honourable being, because he is the vicegerent of God on earth. God is his only Master and all others are equal to him. This dignity is the natural right of man, everyman, and is not confined to any special race, colour or class of people.⁴

The Qur'an states: "Behold, thy Lord said to the angels: I will create a vicegerent on earth."⁵ Moreover, according to Islam, man is born pure and sinless. There is neither an inherited, nor an inherent sin in man a notion which adds dignity to man's self-concept.

The Islamic ideology stresses the responsibility of the parents, the family, the school and society for shaping the individual's behaviour, character and personality. And it is thus the responsibility to protect man from the bad elements and influences which may harm his pure and upright nature. The Prophet (peace be on him) says: "Every child is born with a pure and upright nature; it is his parents who turn him into a Jew, a Christian or a Magian."

4. Another important concept of Islamic education concerns the fact that man enjoys free-will and therefore, he is responsible for his own behaviour and deeds.

The Qur'an states: "Every man's fate we have fastened to his own neck." This verse indicates that man's fate is the outcome of his own responsibility and free will.

This concept will make the individual realize that while he could behave in a bad manner, he is also capable of being good and honourable. In the realm of Islamic education, the students

were left to seek knowledge in the different branches according to their own will and interests, thus promoting the student's free-will, mature judgement and the feeling of responsibility for his own decisions and pursuits.

This aspect is further augmented by the other concept of Islamic education, namely, that life has a meaning and a message, thus rejecting the idea that life should be sought is an end in itself, or for the pleasure and carefree behaviour. This makes man aware of his destiny and responsibility both here on earth and in the hereafter.

5. Islamic education is a life-long process and knowledge should be sought "from the cradle to the grave" as the Prophet said: "There is no age limit at which education should stop." The Qur'an states: "And Say: O Lord advance me in knowledge!"⁶

6. Islamic education is free and available to all without any discrimination on the basis of class, colour or wealth. It is common property to which every human beings has an equal claim. In other words equal educational opportunities are provided for all within the Islamic education framework.

7. Islamic education is a universal process which must be allowed to flow uninterrupted by geographical boundaries. "Seek knowledge even if it be in China," said the Prophet (peace be on him). Knowledge must not be kept secret nor should it remain the privilege of only an elite. This principle emanates from the universality of Islam's message. In other words, Islamic education is liberal for it sets no barriers to the light of knowledge.

8. Islamic education culminates in the union of knowledge with action. In Islam, educational objectives are formulated in terms of certain behavioural patterns which the Qur'an calls for. In this sense, knowledge is utilitarian. The Prophet says: "I seek refuge in God from learning that is useless." It also calls for learning through action and application, which is a universally tested approach to learning, viz: (learning by doing). The Qur'an states: "O you who believe! Why do you say that which you do not practise?"¹⁰

9. Islamic education is a means to moral upliftment, material advancement and welfare of the Muslim nation, and through them, to the welfare of mankind. Muslims are charged with the responsibility of communicating their knowledge to those sectors of mankind who need it so that enlightenment "may prevail and humanity at large may be delivered from darkness into full-light. It is positive and an end in itself, the end being the glory of the mind and refinement of the soul as well as the making of the good human being who endeavours to extend kindness, benevolence, justice and peace, not only to his people and community, but to the whole of mankind.

10. Islamic education is free from state control. The entire system owed its existence and continuance to a pure and pressing demand for light and knowledge according to the great inspiring effect of the Qur'an that drove Muslim people to seek learning and to spread it far and wide wherever they existed.

11. Islamic education is organized and established to join the whole Islamic world into one indivisible cultural unity, although the nations that constituted the Muslim Ummah were different in their languages, traditions and original cultures. This cultural unity can be felt even today after the lapse of 14 centuries now, and despite the heterogeneous types of education to which Muslim peoples have been subjected for the last 100 years of their life.¹¹

If we consider these Qur'anic concepts from the viewpoint of modern education, they will be readily and unanimously be accepted and admired by all modern educationists and thinkers. In fact these concepts are highly advanced. Modern education falls short of implementing many of these profound educational concepts and therefore it lags behind the Islamic education both in theory and practice.

With the educational systems in all parts of the world groping for a new direction and aim, the moment is singularly appropriate for Muslims to reconstruct their educational future. They should adopt as a directive principle the Qur'anic view of education as "a lifelong process during which the individual must be provided with equal opportunities to fully develop his creative potential, and to contribute to the growth of the Muslim Nation through purposive enquiry and Islamically approved conduct," and ultimately he should promote the welfare of humanity at large.¹²

The implications of these educational concepts for the modern world are very great, indeed they

are very much needed. And when Muslims cease to be mere imitators of the Western education and apply in their education the principles and concepts conveyed to them by the Glorious Qur'an, they will assume again their creative and inspiring leadership of the world in the realm of educational progress and eventually in all other aspects of civilization, for truly, education is the foundation of human development and progress both in the material as well as in the spiritual and moral fields.

Reference and Notes

1. The Holy Qur'an (67:24)
2. The Holy Qur'an (49:13)
3. El Nagib, A.R., Foundations of Islamic Education, an article in 'The Muslim' Aug. - Oct. 1979
4. Ibid
4. Ibid
6. The Holy Qur'an (2:30)
7. The Holy Qur'an (17:13)
8. The Holy Qur'an (20:114)
9. The Holy Qur'an (61:2)
10. The Holy Qur'an states: "And this is your Ummah, which is but a single and unified Ummah, and I am your Lord, so, serve Me (alone)"
11. From a paper by Mr. Atif Gauhar presented to the First Islamic Educational Conference, Mecca al-Mukarramah, 1978.

PROGRESS IN RAILWAY DEVELOPMENT DESCRIBED

Kuwait KUWAIT TIMES in English 19 Mar 81 p 2

[Text] Railways are back in favor in Saudi Arabia as vital transport support for the current five-year development plan.

The Government last week signed a \$438.4-million contract with eight international consortia for the 382-kilometre Riyadh-Dammam railway project.

The six-track, two-way railway was divided into eight sections, with each consortium handling one. Target date for completion of the project is March 1983, officials said on Monday.

Apart from the general development of the Kingdom, huge new industrial zones were being created at Jubail on the Gulf and Yanbu by the Red Sea, each of which will soon require townships housing up to 400,000 people.

Air transport services and roads simply cannot cope with the vast amount of materials and immense numbers of people already on the move.

Priority

Top priority has been accorded the rail link between the Gulf port of Dammam and Riyadh, where \$72.7 million has been spent on a complex of marshalling yards, customs offices and administrative buildings.

Known as Riyadh dry port, it is coming into operation as the first inland bonded terminal in the Kingdom.

The project envisages containers and break-bulk cargo loaded straight from ship to train at Dammam and carried to Riyadh for clearance.

Last July, an 18-coach, fully air-conditioned luxury train built by the Swiss firm Schnidler-Schieren at a cost of \$1.2 million was put into service on the existing Riyadh-Dammam line, 100 km longer than the planned one.

The train can carry 1,000 passengers and is weatherproofed against the searing sandstorms of the eastern province, which holds Saudi Arabia's rich oilfields.

Tenders also were solicited recently for a railway line between Dammam and the Jubail industrial center, 80 km to the north.

Network

This will not be merely for domestic use. It is part of Saudi Arabia's contribution to a provisional agreement signed in 1978 in Baghdad by Iraq, Kuwait, Saudi Arabia, Qatar and the United Arab Emirates to build a railway line down the Arabian side of the Gulf which would link up with the Iraqi mainline system.

This in its turn is to connect with Syria and through Turkey to the European network. Doha, capital of Qatar, would be served by a branch line.

Officials of Kuwait and Iraq have since been constantly in contact to discuss the section across Kuwait from Iraq to the Saudi frontier.

Transmark, British Rail's consultant, was engaged 18 months ago to prepare a feasibility study on the project.

Within Kuwait there would be a vital spur line to the UAE's two ports of Mina Shuaiba and Mina Shuwaik.

The necessity for this has been pointed underscoring by the Iraq-Iran war, with Kuwait's ports becoming clogged with Iraq-bound goods.

From Kuwait's frontier with Saudi Arabia to Jubail is about 220 km.

The UAE's interest in the project was reiterated in January 1980, when a Kuwaiti-UAE joint commission stressed that a Gulf railway was a priority project.

With the Iraqi-Iranian war in mind, and fears of a closure of the Straits of Hormuz shipping route by no means allayed, officials feel it would be logical for the railway to be extended to the Gulf of Oman, lying south of Hormuz, where a number of new ports already are operating.

In Saudi Arabia, a committee composed of the Saudi, Jordanian and Syrian transport Ministers decided earlier this month to defer plans to rebuild the Hijaz railway because of the high costs.

CSO: 4820

SYRIA

BRIEFS

MINISTER OF CULTURE RESIGNED--Syria's minister of culture, Najah al-'Attar, has resigned in protest over the attempt made by agents of Syrian intelligence to assassinate her brother, who is one of the heads of the Muslim Brotherhood in Germany. Our correspondent notes that the Syrians have not made the resignation public because of the tension within the ruling hierarchy in Damascus. In connection with this matter, our correspondent reports that 10 days ago television commentator Ahmad (Hurani) was murdered in Damascus; he died of gunshot wounds inflicted by a Muslim Brotherhood ambush. [Text] [TA021229 Jerusalem Domestic Service in Hebrew 1200 GMT 2 Apr 81]

CSO: 4805

FINANCIAL LIQUIDITY IMPROVES

Kuwait KUWAIT TIMES in English 24 Mar 81 p 13

[Text] RECENT monetary indicators in the United Arab Emirates have depicted an improvement in the position of local currency, which has significantly increased during the first half of the past year. The Arab Economist reported in its latest issue. This reveals an advance in the country's economic situation.

Monetary liquidity means, in economic terms, the volume of money supplied in the local market, and is usually affected by decisions of monetary authorities, by commercial banks and by the public. It, however, affects the economic conditions on the whole. During the past seven years, local liquidity has fluctuated between contraction and expansion, following certain economic factors and circumstances that led to periods of stagnation or of reanimation.

Specific factors have led to either the expansion or the contraction of cash liquidity in that period. The following is an outlay of these factors as well as of the impact of procedures and decisions adopted by special authorities to avoid economic depression, and to push the economy forward, starting in 1974.

EXPENDITURE

In the opinion of Dr. Hassan Abbas Zaki, the econo-

mic consultant of the President of the UAE, one of the important factors affecting the volume of cash liquidity in the country is the volume of expenditure of the government and its affiliated public sector institutions, in addition to the expansion in bank credit granted to the private sector. These factors usually tend to raise the volume of cash liquidity. They hence had a great effect in largely increasing local liquidity in the period 1974-1976, so that this reached around 70 per cent per year.

This was caused by increased spending on local projects and the expansion in credit for industrial, construction and other schemes.

The establishment of factories, buildings, roads and educational and health services has, in its turn, resulted in a large increase in the volume of funds flowing to the market.

On the other hand, some adverse factors seem to exist, which tend to reduce the volume of this liquidity. The major factor of these is the deficit in the balance of trade, which has led — without providing for petroleum expansion in expenditure. This has actually resulted in corresponding decline in the volume of cash liquidity.

INCREASE

Doctor Hassan Abbas Zaki went on to say that the result of reducing the intensity of expansion in expenditure

was reflected in a large augmentation in the volume of both private and public sectors deposits at commercial banks between 1974 and 1976. Consequently, banks tended to expand credit and their financing of private projects, which witnessed an over 80 per cent increase in the period in question. However, this expansion decreased in 1977, following the relative weakness in expenditure, and the adjustment and control of bank credit rules and their stipulation. Thus the ratio of expansion in projects was to decline to only 17 per cent.

Subsequently, the next period witnessed a partial equilibrium between the volume of expenditure (that leads to a rise in cash liquidity), and the deficit in the balance of trade (that tends to reduce this liquidity). Furthermore, the expansion in cash liquidity receded to only 10 per cent over the years 1978 and 1979, due to the recession of loans, especially relating to building and construction, in consequence of the period of stagnation that reigned over the country then. Large amounts of money were accumulated in the form of savings, a part of which was utilised in other economic sectors.

INTERRUPTION

Yet, due to the absence of large domestic investment opportunities, besides the local reduction of the rate of interest compared to that dominating the international market, savings tended to be transferred to foreign currencies, and particularly the

MONETARY SURVEY DURING THE FIRST THREE QUARTERS OF 1980
(In millions of dirhams)

Items	1st Quarter	2nd Quarter	3rd Quarter
Foreign Assets (net)	2,444	4,631	8,112
Domestic Credit	22,223	22,063	21,047
Claims on government (Net)	-1,047	-2,519	-4,687
Claims on official entities	983	936	988
Claims on private sector	21,891	23,269	24,294
Claims on other financial institutions	398	369	452
Money	6,533	6,944	7,004
Quasi-money	11,830	12,863	14,004
Other items (Net)	6,305	6,878	8,151

SITUATION OF MONETARY AUTHORITIES
DURING THE FIRST THREE QUARTERS OF 1980
(In millions of dirhams)

Items	1st Quarter	2nd Quarter	3rd Quarter
Foreign Assets	4,361	5,918	8,531
Claims on government	1,205	1,203	1,179
Claims on official entities	11	11	11
Claims on commercial banks	816	763	910
Claims on other financial institutions	18	16	16
Reserve money	3,926	4,125	4,245
Foreign Liabilities	468	444	430
Government deposits	1,757	2,945	5,450
Capital Accounts	292	297	296
Other items (Net)	-33	100	225

DEBTS

US dollar, leading to what may be referred to as an interruption of increase in deposits, from the practical point of view.

The President's economic consultant clarified the procedures adopted then by monetary and economic authorities in the UAE with the aim of improving the position of cash liquidity and getting rid of the period of depression, saying that the

Currency Board initiated its action by raising the rate of interest paid for dirhams, in April 1979, and allowed commercial banks to increase the interest rate on deposits that do not exceed the highest limit of 10 million dirhams by a rate of 0.5-1.5 per cent. The Board also interfered more than once in the market through equilibrating actions, to improve the dirham liquidity at commercial banks.

He went on stating that starting on April 1979 the government decided to settle outstanding debts for construction, which banks advanced to citizens within the frame of a specific system, over the lapse of four years, and which provided ample cash liquidity to banks. These debts were estimated at around 4,000 million dirhams, and 1600 million dirhams were allocated, within last year's budget, to meet them; a special account was set at the Currency Board

to settle and refinance these debts over a lapse of fifteen years, and at a reduced interest price of 3 per cent.

In the first half of the preceding year, time deposits of the private sector increased, following the depression in the interest paid for the dollar as well as the depreciation in its value. Thus, owners of savings accounts, who had transferred their funds into dollars, found themselves compelled to restore these back again to dirhams, that are kept in local banks. The increase in cash liquidity was nevertheless relatively limited, in view of the reduction in government deposits.

Loans and credits registered last April 1980 were 600 million dirhams above the December 1979 level. In the same period cash liquidity improved and was provided in banks at a higher level than the one actualised at the end of the preceding year. Figures showed that this liquidity, last April, was valued at Dh 27.2 billion, which is Dh 700 million above the December 1979 level of Dh 26.5 billion.

Dr. Hasan Abbas Zaki concluded his declaration by emphasising the fact that the latest procedures adopted by monetary authorities have led to an improvement in the position of local liquidity. They have also avoided the occurrence of an intense retraction in it.

CSO, 4820/291

IMPORT TRENDS FOR 1974-1979 CITED

Abu Dhabi EMIRATES NEWS in English 8 Apr 81 p 9

[Text] Practically all requirements in Abu Dhabi are imported including consumer goods, such as foodstuffs, clothing or textiles, consumer durables such as radios, washing machines, airconditioners, television sets, motor vehicles, machinery, oilfield equipment and construction materials. Hence the total imports into Abu Dhabi in any given year provides a good indicator of economic activity. Abu Dhabi imports goods from all over the world and it is interesting to study the direction of trade and how rapidly the trade with Arab countries is growing.

The Customs Department, which has been keeping a reliable record of imports, export and re-exports since several years introduced the Standard International Trade Classification of imports and this has opened up a wide range of subjects worth studying and analysing. The Statistical Division of the Department of Planning is undertaking a series of studies on foreign trade of which this study forms a part.

Goals of the Study: Our objective is to analyse the past behaviour of imports of the emirate of Abu Dhabi and to project into the future in order to make this forecast with the help of statistical techniques. In other words, (1) to extract the various patterns which are evident in the import data (2) to describe these features mathematically and (3) to project these into the future with a suitable confidence level.

Assumptions: The logic underlying the statistical procedure we have elected to adopt is based on the assumption that factors responsible for the growth, namely, population,

demand, technology, etc., tend to change in a slow, orderly and more or less predictable way. The growth of imports into the emirate is a reflection of this gradual evolutionary process. It is thus assumed that the total impact of these divergent changes can be expressed by a simple curve or trend line. From experience it is observed that over a short period (in the case of this study, 1974-1979) these simple curves, or trend lines in many cases, fit the series remarkably well. The trend line "follows" the data and not only "describes" the data but, when used for purposes of forecasting, as in the case of this study, produces fairly reliable results. (A deeper probe would be made regarding the interaction of the various factors mentioned above in other studies being undertaken). In the extreme sense, everything else remains constant.

Data: The data we have used has been collected by the Department of Customs and compiled with the help of the Computer of the Department of Finance. The import classifications conform to the United Nations Standard International Trade Classification.

For the purpose of this study only the weights in million kilograms of the yearly gross imports has been taken.

Analysing the weights of the ten classified groups of imports, we find that they occupy a position of relative importance with reference to the total imports of all the groups together year by year. We have summarised the position in Table I.

Procedure: Ten scatter diagrams were plotted from the import data classified by groups for the period

1974-1979 giving an indication for the kind of trend and strengthening the case for the model selected. In addition, Figure 3K shows the scatter diagram of the total imports.

A close scrutiny of the scatter diagrams revealed that the points did not tend to follow a straight line in most of the cases since the import weights generally increased at a faster rate than the time (of one year intervals, as in the case of our study). In statistical terminology, the relationship between measures of the two variables, import weights and years, did not represent an instance of rectilinear correlation in all the cases.

The variables were more likely related curvilinearly.

Since the fitting of a trend line (rectilinear or curvilinear) to a time series (as in the case of this study) considerably simplifies analysis, it was decided to construct three trend lines for each group, namely a straight line, an exponential curve and a power curve to the plotted points of the scatter diagrams.

Food and Live Animals: The exponential model indicates that the food group imports increased by 24.7% per year, i.e. by 148.20% for the period 1974-1979.

The three methods employed also provide us with an "interval estimate" of the imports of the food group, with a considerable degree of confidence within which the true values of the exposure occur for the forecasted years from 1980 to 1985. We observe that the lower and upper limits of the imports of this Group increase by 44.20% and 244% respectively, for the period from 1980 to 1985.

Beverages & Tobacco: The power curve model for this group shows that the group's imports increased by 29.5% per annum, i.e. by 177% for the whole period 1974-1979. The lower and upper limits of the imports of the beverages and tobacco group increase by 17.25% and 260% respectively, for the period from 1980 to 1985.

Crude materials, inedible except fuel: The straight line model indicates that the imports of this group increased by 29.69% per annum, i.e. by 178.14% for the period 1974-1979. The lower and upper limits of imports of the crude materials group's interval estimate increase by 56.10% and 436.72% respectively for the period from 1980 to 1985.

Mineral fuels, lubricants and related materials: The imports of this group increase by 55.3% per year, i.e. by 331.8% during the six years 1974-1979. From the interval estimates of imports, we find that the lower and upper limits of the imports of the mineral fuel, lubricants and related materials group increase by 37.79% and 146.8% respectively for the period 1980 to 1985.

Animal and vegetable oils and fats: The imports increased by 56.1% per annum, i.e. by 336.6% for the period 1974-1979. The interval estimates indicate that for the animal and vegetable oils and fats group, the lower and upper limits of imports increase by 35.47% and 157.6% for the period 1980 to 1985.

Chemicals: The imports of the group increased by 19.36% per year and by 116.16% for the six years 1974-1979. The lower and upper limits of imports of the chemicals group increase by 31.01% and 163.31% for the period 1980 to 1985.

Manufactured goods classified by materials: The imports increased by 52.5% per year or by 315% for the period 1974-1979. The lower and upper limits of imports of this group increase by 39.64% and by 113.07% for the period 1980 to 1985.

Machinery and transport equipment: The imports increased by 34.6% per year and by 207.6% for the period 1974-1979. The lower and upper limits of imports increase by 20.56% and 191.95% for the period 1980 to 1985.

The Statistical Division of Abu Dhabi emirate's Department of Planning prepared a study, entitled "An Analytical Study of the Import Time Trend, Emirate of Abu Dhabi, 1974-1979". Here are excerpts from part I of the study.

Percentage of Total Imports						
Description of Group	1974	1975	1976	1977	1978	1979
0. Food and Live Animals	9.53	8.83	8.13	8.33	12.83	10.98
1. Beverages and Tobacco	0.73	0.62	0.51	0.80	0.99	0.53
2. Crude material, inedible except fuel	4.08	4.11	0.73	3.53	6.43	10.53
3. Mineral Fuels, Lubricants and Related Materials	21.13	31.91	10.96	21.36	22.81	29.89
4. Animal and Vegetable Oils and Fats	0.30	0.08	0.13	0.23	0.39	1.17
5. Chemicals	3.31	3.65	1.77	1.59	1.67	3.23
6. Manufactured goods classified by materials	40.57	39.07	21.01	40.51	41.63	34.17
7. Machinery and Transport	19.27	12.67	9.11	11.16	11.36	11.90
8. Miscellaneous manufactured articles	1.88	1.88	1.24	1.81	1.98	0.96
9. Commodities and Transactions not classified by kind	0.00	0.14	0.007	0.001	0.001	0.004

The annual average growth rate of the group, Food and Live Animals has been found to be 20.40% while for the others groups it is:-

Beverages and Tobacco	12.88%	Average per annum
Crude materials, inedible except fuel	28.73%	" " "
Mineral Fuels, Lubricants and Related Materials	21.74%	" " "
Animal and Vegetable Oils and Fats	7.84%	" " "
Chemicals	25.47%	" " "
Manufactured goods classified by materials	19.51%	" " "
Machinery and Transport Equipment	11.49%	" " "
Miscellaneous manufactured articles	5.07%	" " "
Commodities and Transactions not classified by kind	(-) 25.01%	" " "

The growth rate for the total for all the groups is 18.56% average per annum.

Miscellaneous manufactured articles: The imports of the Group increased by 91.5% per year and by 549% for the period 1974-1979. The lower and upper limits of imports for the period 1980 to 1985 increase by 16.67% and 63.79% respectively.

Commodities and transactions not classified by kind: The imports decreased by 198% per year and by 1,192.8% for the period 1974-1979. The lower and upper limits of imports for this group decrease by a negligible per cent and 50% for the period 1980 to 1985.

Total imports (all groups mentioned above): The total imports increased by 54% per annum and by 324% for

the period 1974-1979. The lower and upper limits of the interval estimate of the total imports increase by 33.94% and 138.05% respectively, for the period from 1980 to 1985.

MOROCCAN BARRIER IN WESTERN SAHARA ASSAILED

Algiers EL MOUDJAHID in French 5 Mar 81 pp 1, 5

[Article by B. Amazit: "Western Sahara -- Beyond the 'Hassan Line'"]

[Text] Since last August, the Moroccan military corps of engineers has devoted itself, supported by approximately 25,000 men, to the construction of a kind of barrier -- called a "security belt" -- aimed at encircling and delimiting a zone which, according to Rabat, would cover an area of 30,000 square kilometers. Also referred to as the "useful triangle," this area embraces a portion of the territory of the Western Sahara, including the phosphate center of Bou-Craa, the holy city of Smara, the Boujdour cape and the capital of El-Ayoun. This wall made up of embankments, barbed wire fencing and mine fields -- which calls to mind the sinister "Morice line" built by the French colonialists between Algeria and Tunisia during the war of national liberation -- is supposed to be nearly 450 kilometers long and to cross the mountains and the desert. This is the latest idea of the strategists who are over-running the staff headquarters of the FAR [Royal Armed Forces]. Beyond the cost in terms of men and equipment which such an ambitious project would necessitate, what are the advantages which Morocco could get out of it, assuming -- which seems difficult to us -- that this line could actually be completed? What will its real use be? Could it affect the current conflict, which has been taking a new turn for more than a year, one way or the other? In what way do those who inspired this project (who, according to certain newspapers, are the same as those who inspired the "Morice line") believe that its construction will prevent the combatants of the ALPS [Sahara People's Liberation Army] from concluding their operations in the very middle of this "useful triangle"?

In truth, as the Sahrawi minister of defense, Mr Brahim Ghali stated, the king of Morocco is pursuing a double objective. The first is a military one, because he is convinced that his barrier will be able to contain the assaults of the POLISARIO Front against the last entrenchments of the FAR, that is to say Smara and El-Ayoun. The second objective is a political one. In the case of possible negotiations, the king will attempt to claim "this useful triangle," which includes the phosphate deposit of Bou-Craa, the main resource of the Western Sahara. The maneuver is crystal clear. Seeing that the game has been irremediably lost, Rabat is trying a last minute operation to preserve what in fact it had been most interested in since the beginning of the conflict.

The world monopoly on the export of phosphates, if not on its production, takes into account that Bou-Craa represents the most important deposit in the world. History seems to be repeating itself once again. Did not colonial

France also in its time try to divide Algeria into two territories: one in the North, which it was willing to give up, and the other, which it expected to claim, in the South, which concealed vast promises as a source of petroleum. Is this what Morocco wants to achieve? To give up half of the Sagua El Hamra and all of the Ouadi Edh Dhahab in exchange for the phosphates? Because it would be incomprehensible for such a project to be aimed solely "at allowing the populations to live in peace," as General Dlimi claims. Up until 1978, after the signing of the Algiers peace treaty between the Mauritaniens and the Sahrawis, Morocco claimed nothing more than the northern half (Sagua El Hamra) of the Sahrawi territory. Later on, in the name of "an alleged pre-emptive right," it suddenly claimed the whole of the Western Sahara. Being incapable of controlling it and because of the substantial losses it has suffered and moreover continues to suffer, Morocco has cut off a precious part of the country in order to safeguard it, neglecting the remainder even though its area represents 90 percent of the country. As a matter of fact -- and matters are becoming clearer -- the invasion of the Western Sahara had no objective at all except for an economic one to refill cash boxes which were running low and to support courtiers who would be dangerous if they were not permanently provided for. As managing the Western Sahara has proven to be an impossible task, due to the Sahrawi people's resistance, the king wants to pick up his marbles and sneak away with his pockets full.

However, it did not take long for the conceit of such a project to reveal itself in broad daylight. First of all, from a military point of view, it turned out that this line was not as impenetrable in the part constructed as had been believed by the authors of the project. Only one part was completed over a period of 6 months, which shows that it would take years, if not decades, to complete the construction of this ineffective wall. What would its cost be meanwhile in terms of men and equipment? Will the king be able to continue indefinitely sending hundreds of soldiers daily to a certain death without any reactions on their part? Important breaches have already been made in the few kilometers that have been completed.

Thus, at Hagounia, at Dcheira and at other points within that "useful triangle," very audacious operations have been conducted while the Sahrawi people celebrated the fifth anniversary of the proclamation of their Republic and while the king of Morocco, continuing to close his eyes to reality, congratulated his General Dlimi for his stroke of "genius" in building a wall which runs the risk of very probably becoming the grave of thousands of Moroccan soldiers. In building this line, the armchair strategists wanted "to cut the POLISARIO off from its people," which once again is a product of the desire to refuse to face facts. Where are the Sahrawi people if not in exile in refugee camps, outside the Western Sahara? As a colleague stressed in yesterday's issue of EL MOUDJAHID, the ALPS -- in contrast with the other guerrilla movements -- has been innovative in demonstrating that it is possible "to live" as a fish outside the water, contrary to the categorical statements made by numerous theoreticians. After having put the civilians in safety and after having organized them, the POLISARIO Front returned to the Western Sahara to conduct its struggle against the invaders. This is a big first in the field of modern warfare, which has never been known in previous history.

"The concept" of "useful triangle" recently invented by the advisers to Hassan II will undoubtedly fare the same way as all the strategies adopted up to now by the FAR. Neither a wall, nor a barrier -- however deadly and however high it may be -- can prevent history from following its course. Did the "Morice line" prevent Algeria from becoming independent? The determination of a people is higher by far than the highest walls in the world. It does not even take the trouble to avoid them. It topples them.

FRENCH NAVY ACCUSED OF SAHARAN COAST SURVEILLANCE

Algiers EL MOUDJAHID in French 6-7 Mar 81 p 7

[Article: "SAHARA INFO Accuses French Navy of Being Associated With Project of Surveillance of Saharan Coast"]

[Text] Paris.

According to SAHARA INFO, the news bulletin of the French Association of Friends of the SDAR, "Mr Raymond Barre had no sooner returned from Morocco than he found nothing more pressing to do than to direct sharp criticism against the representatives of the majority, Messrs Mayoud and Voisin, who had gone to the Western Sahara, at the invitation of the government of the SDAR, in the framework of the parliamentary study group on the problems of the Western Sahara, and to veto the departure of a group from the majority, RPR [Rally for the Republic] and VDF [French Democratic Union], which was also invited by the government of the SDAR."

SAHARA INFO continued: "These blunt reactions may seem surprising. As a matter of fact, prior to his meeting with King Hassan II, Mr Barre had no objections to the steps taken by the representatives, of which he was fully aware, but upon his return they are condemned."

"Of course, the despicably mercantile spirit of the French Government, which takes the place of its African policy, if not of its foreign policy, is well known. But the important trade contacts alone, which Mr Barre brought back from Rabat, cannot explain these reactions to initiatives taken by majority members of parliament who want to know the Sahrawi reality and make contact with the POLISARIO Front, initiatives which, as a matter of fact, are in accordance with the spirit of political neutrality claimed by the French Government."

"Actually," added SAHARA INFO, "these reactions translate the desire of the Giscard government to follow in the wake of the new uncompromising policy of the United States with regard to the Sahrawi question (one of Mr Reagan's first decisions, immediately after inauguration, was to decide to supply Rabat with OV10 reconnaissance planes and with 108 M-60 tanks). This is borne out not only by this affair with the representatives, but also by the presence of more than 250 French military advisers who assist the Moroccan army in its venture of military occupation of the SDAR, and a project to associate the /French navy with a surveillance of the Moroccan and Saharan coasts/ [printed in boldface]. Not to forget the recent participation of the French secret services in an attempt to destabilize the current Mauritanian Government, which signed a peace treaty with the POLISARIO Front on 5 August 1979."

SAHARA INFO also wrote: "In deciding to strengthen his support of Moroccan expansionism, Giscard supports the continuation of a war which is to the disadvantage of everyone, including the Moroccan people. But such a policy is doomed to failure. As a matter of fact, through their struggle the Sahrawi people have ensured their existence, which is now largely recognized in the international arena. The festivities organized by the POLISARIO Front on the occasion of the fifth anniversary of the proclamation of the SDAR, bear proof of the sizeable audience the POLISARIO Front is enjoying today. Even in France, the number of those who believe that it is time to take realities into account, is getting larger because it is to everyone's interest to bring an end, on a just and definitive basis, to a conflict born from Moroccan ambitions, which are increasingly incompatible with peace and stability in the Mediterranean region. This is why, one of these days, the French Government will have to enter onto the path towards peace, as it was defined by the United Nations, by recognizing the legitimate rights of the Sahrawi people and the representativeness of the POLISARIO Front. It is an urgent task to which all the friends of the Sahrawi people will more than ever devote themselves.

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YEMENI LEADER DISCUSSES PROBLEMS, PROMISE OF REGIME

Kuwait AL-SIYASAH in Arabic 29 Dec 80 p 17

[Interview with Dr 'Abd al-Karim al-Iryani, prime minister of Yemen Arab Republic, by Fathi Sharif in San'a' date not given]

[Text] What is happening in San'a nowadays is something of a "bloodless coup" which is taking place quietly, away from the limelight and from Arab concerns. The process in question has increased the chances of wide-scale changes in the political and economic leaderships within the next several weeks. AL-SIYASAH has lived through and monitored all the movements and vibrations of those changes and their objectives--even the chances of failure or success. For 15 days, the newspaper also followed the concerns and interest of the Yemeni citizen and moved among the advocates of the prevailing and influential political and ideological trends in the "Yemeni political stock exchange" through which the numerous and competing local and foreign political forces exchange and trade in interests, positions and control. The ultimate upshot of all this is a set of extremely important facts and risks which might force us to rate the "Yemen question" as the most prominent issue which will impose itself of the Arab and international political formula for the security of the Gulf, the peninsula, the Red Sea and the Indian Ocean in 1981 and the years after.

AL-SIYASAH chose the second man in the state who wields the power of decision implementation and shares in the decision-making process. He is the head of the first technocrat government in YAR. We asked him to turn with us some pages of the "Yemeni file." His answers, however, were extremely cautious and intelligently and diplomatically phrased, and therefore could not fully satisfy our inquiries. He would take a question and answer that aspect of it which he wanted to answer, ignoring the aspect that he wanted to avoid.

I told Dr 'Abd al-Karim al-Iryani: "What is happening in San'a now? President 'Ali 'Abdullah Salih has been out of San'a for the past two weeks, touring some provinces in the country. There is a lot of talk about changes in the leadership soon. And what about the charter which is now under discussion--does it signal the beginning of a political process?"

The prime minister said: "The fact of the matter is that the National Action Charter which is now before all the citizens prior to a referendum on it is a belated beginning. This charter, which is a formula for a contract and a commitment

between the state and the citizens, should have been offered by us some time ago. But we sought to make some modifications in it so that it may express the trends and ideas of all the groups of the people. What is supposed to happen is that after the charter has been endorsed by the people some changes will be made in some provisions of the permanent constitution in line with the political and social developments in the country. After that we would usher in elections to set up the first legislative assembly to be elected in the YAR since the revolution, namely, the People's Assembly."

The prime minister paused for a while and I asked whether there will also be a new cabinet. He replied affirmatively. I said: "Do you want to assume the responsibility of this new cabinet?" He smiled and said: "It would be an honor. I'm ready to carry out any duty assigned to me by the president and leader in any position." I said: "And if you were to take over the responsibility of heading the cabinet, what is the basic issue on which you will focus your attention and efforts?" He said: "The question of development because it is the question which provides the underpinning of all our political, military and social positions. Development is the real expression of the citizens' participation in the process of democracy and in a dialogue with the government. Our position on the question of development imposes on us a moderate political position and conciliatory relations with all Arab states, the great powers and with the East and the West, without compromising our sovereignty. The development issue then is our cause for 1981. Every Yemeni citizen and every Arab country are urged to support us for the attainment of that goal. I believe that our policy is not rejected by any international party. We do not want to interfere in the affairs of others or play the various axes."

[Question] Mr prime minister, there is then a real battle which Yemen is fighting and through which it is challenging time to join a more advanced world. To what extent will you triumph in that battle? What are the internal and external pressures which now face you and impede your march?

[Answer] We look forward to scoring successive victories in the process of building the civilized Yemeni homeland, realizing overall economic, social and cultural development and complementing the construction of a modern Yemeni state. Therefore, our aspirations cannot be limited in their range because the ambitions of our people are unlimited and always exceed our available resources. Our basic aim is to catch up with the procession of the modern age in all the areas of building a new life for Yemen. This actually requires us to intensify our efforts, utilize all our potentialities and overcome all handicaps which include the unavailability of material resources that cover the actual needs of development and the absence of advanced and qualified technical and managerial skills capable of assuming that responsibility. This does not mean, however, that there is a possibility that the procession of construction will collapse. But it also means that there is not any kind of internal and external pressures against the procession of development and reconstruction in our country.

[Question] We have observed through experiencing the popular political climate in the YAR that there are numerous currents and ideas which dominate the popular and political minds here. Are this pluralism and the contradictions which it occasionally implies considered to be part of the social and geopolitical makeup of your

country, or are they the result of external circumstances which have to be changed? And to what extent has the state managed to steer those currents and harness them to the service of the national interest? And do you believe that the emergence of a political popular organization might help dissolve these currents into one national melting pot?

[Answer] The phenomenon multiple ideas and opinions is so much part of emerging societies and characteristic of how individuals perceive the relations among themselves and between them and the regime within the state as well as how they perceive their own position in all of this. Thank God, the Yemeni society does not have different religions and sects which can breed a certain kind of contradictions between members of the same people. Islam is the bond which holds together all the children of the Yemeni people. But that does not mean that the individuals in our society should not have their own ideas and views on the various aspects of life. These views and ideas, however, do not reach the point of being contradictory. The national dialogue which is now taking place in Yemen is aimed at reinforcing the strength of national unity and fusing all the ideas and ambitions of the Yemeni people into one melting pot, namely, the National Charter. This is done through debating and critiquing the draft of the charter which is now before the people via the National Dialogue Committee and its subcommittees. We consider this to be an important step on the democratic course which our country is now following under the leadership of the brother leader and President, Col 'Ali 'Abdullah Salih, Commander-in-Chief of the armed forces. That course affirms the national and intellectual unity of the Yemeni citizen and his right to freely exercise the historical responsibilities laid on his shoulders and to contribute to building his present and future.

[Question] San'a has recently announced that it will permit the formation of trade unions. But no union has been formed thus far. Are there obstacles in the way? And what is your plan to promote trade unionist activity in the forthcoming phase, especially since your country is witnessing a growing progress in development and services projects?

[Answer] There is no foundation to what you stated in your question. Several important trade unions have been formed in our country and are practicing their activities in an atmosphere of freedom and encouragement. These include the doctors association, the pharmacists association, the bar association, the vocational workers union, the journalists syndicate, the union of Yemeni writers, the women's society, the engineers association and so forth. As for the workers trade union, the brother President, Col 'Ali 'Abdullah Salih, Commander-in-Chief of the armed forces, in the important speech which he delivered on the world labor day, called on the workers to form a trade union that would look after their interests and organize their affairs, as other groups have done, without any reservations. Our policy in that regard is clear and is demonstrated through the law which established the Ministry of Social Affairs, Labor and Youth, which is entrusted with looking after, protecting and encouraging trade unions and popular societies and associations in the republic.

[Question] There is a difference between professional associations, some of which have been formed and trade unions, which have not been formed yet. This is the crux of the matter. At any rate, my next question is the following: it looks

certain, Mr prime minister, that you are proceeding in big strides toward equipping your armed forces with modern and sophisticated weapons from the United States, the Soviet Union and European nations. What is the extent of your army's readiness and mobilization? And do you believe that the law calling for mandatory military service faces internal obstacles which have prevented its implementation at the present time?

[Answer] We have adhered to the principles which many Arab states have adopted in the process of building up their armed and security forces. That is to say, the principle of diversifying the sources of armament. True, our country has gone a long way toward building its military and security forces, in fulfillment of the second important aims of the revolution--to build a strong national army capable of protecting the country, guarding the revolution and the republic and defending their gains, and safeguarding the sovereignty and independence of the homeland. As for the military service law, we enacted the national defense law and made substantial successes in implementing it. We regard it as an important gain which has strengthened the army and the security forces, by providing them with new blood and with elements which are eager to do their national service in that important field. There are no difficulties facing the implementation of this law. A large number of young Yemenis have responded to the call of national duty.

[Question] Mr prime minister, they say here in San'a that the people are richer than the government, that the citizens have far more money and much larger liquidity than the government. How true is that contention?

[Answer] This is quite true. The people are actually richer than the government, because the government's resources are limited and we don't have mineral or oil resources and our industrial output is limited and cannot even meet the needs of local consumption. I can say that the wealth of the citizens is not in the hands of destitute individuals but is owned by the familial sector in the republic, which comprises a vast number of citizens. This is a new sector and shares with the state the implementation of several agricultural and housing projects as well as road building projects and others. Therefore, we find that the efforts exerted by the familial sector are greater in the countryside than they are in the cities because it is concentrated in the rural areas. As a result, we find that the Yemeni countryside is more advanced in terms of the number of schools, building activities, road building and trade.

[Question] Where does the familial sector get this wealth from? And why has it not saved that wealth in state-controlled banks, which would enable the state to undertake major and basic projects that would rebound to the benefit of all the people and not just the familial sector?

[Answer] Most of that wealth comes from the remittances of the Yemeni immigrants and workers in Arab and foreign countries. They number some two million. The latest figures on these remittances in free currency indicate that they exceed \$1.6 billion per year. As for the problem of low savings, it is actually due to the high incidence of illiteracy and unawareness of the full importance of savings and their necessity for the good of the country. But we expect a major change in these trends during the coming years after the organization of the state machinery

is completed and after a wide-scale informational plan is drawn up to educate the citizens about the importance of savings.

[Question] A few days ago, I heard over the Yemeni television the financial report of your minister of finance for the fiscal year 1981, which represents the end of the 1976-81 5-year plan. I noticed that the deficit in the budget reached \$500 million. How will you cover that deficit?

[Answer] Fortunately, the deficit in the new budget does not fall within the areas of wages and salaries and state expenditures. But it is part of the capital investments and projects. Therefore, inasmuch as the Arab states and the development funds in brotherly countries provide us with loans and aid, we will cover that deficit and establish various investment projects, but without negatively affecting the state's ability to meet the citizens' basic needs, such as wages, current accounts, price support for basic goods and products, such as oil etc.

[Question] How much are you paying in debt settlement each year and what is the cost of debt servicing?

[Answer] The government pays off up to 100 million riyals each year to settle debts and other obligations connected with the credits given to us, mostly by Arab and foreign funds. As for the interests on debts, they exceed 20 million riyals per year.

[Question] How true are the reports about oil probes by French and British companies in the Sa'dah area? Will the results of these probes be announced soon? How would that affect your political, military and economic strategy?

[Answer] Prospecting for mineral and natural resources is one of the activities to which the government pays special attention. There are early promising signs in the search for minerals and in the tests made through the General Establishment for Oil and Mineral Resources. The results will, of course, be announced when any real strikes are made, if such minerals and resources exist. Then we will have something to talk about.

[Question] Can it be said that there is an inclination to expedite the activities of the Yemeni unity committees in the light of the outcomes of the San'a and Kuwait summits and the recent developments in the area? What specific results have been achieved in that regard?

[Answer] I affirm here that the unity committees are proceeding forward in carrying out the tasks assigned to them for the purpose of re-establishing the unity of Yemen. Meetings between officials in the two countries continue and are numerous. Several important statements have been issued and have had the effect of moving the dialogue on the reunification of Yemen forward to the level of action and implementation. Among the practical steps that have been taken are agreement to establish joint companies and institutions, the development of efforts in the field of developmental coordination and cooperation and the expansion of the areas of trade exchange and communications. These are steps which if developed further--and we are thinking of doing just that--would be the main building blocks of the anticipated united state, God willing.

[Question] How does the YAR view the policy of Arab axes and growing disagreements which was quite conspicuous in the Amman summit? Does this affect your position on specific internal and external issues?

[Answer] The YAR follows a clear and well-defined policy on the Arab and international levels. With regard to our Arab policy, we seek with all our efforts to re-establish Arab solidarity, transcend disputes and prevent the emergence of axes which can only weaken and disperse the strength of the Arab nation further. I wish here to reaffirm the YAR's concern with purifying Arab atmospheres and reunifying Arab ranks, in words and in deeds. We are confident that the clouds of discord will blow away.

[Question] It appears that your neutral attitude toward the two superpowers has kept you clear of international and inter-Arab conflicts. Will you adhere to that policy or do you fear external pressures that might drive you in different directions? Is there a dialogue now between you and each of Washington and Moscow on such issues?

[Answer] The YAR's position of positive neutrality and nonalignment and its commitment to that position are clear. We do not support the East against the West and vice versa. We extend our hand to friends and do not forget favors. We would not tolerate any infringement upon our national sovereignty or interference in the internal affairs of our country. Our relations with friends--all friends--are always based on these principles. We insist that we are capable of maintaining that policy.

[Question] Mr prime minister, your relations with your elder sister, Saudi Arabia, are strategic relations with a nationalist perspective, as you have attested on several occasions. But is there complete accord in the policies of the two countries on the technical and transitional levels, especially with regard to issues pertaining to relations with the Soviets?

[Answer] It is true that our relations with the Kingdom of Saudi Arabia are close, strong and distinct. There is a coordination council between the two brotherly countries, which includes a large number of officials. The aim behind that council is to draw up coordination plans and programs in all fields, in a manner that would serve the higher interest and continued development of the Yemeni and Saudi peoples.

[Question] How do you now view the security of the Gulf and the Red Sea in the light of the new situation engendered by the Iraqi-Iranian war and the race between the great powers to assert their presence in the area? Do you see in the Iraqi-Iranian war a positive development in terms of enabling the states of the region to retrieve their usurped rights and re-establish the strategic balance of the Arab states in this phase?

[Answer] We have declared and still do that the Arab Gulf area, the Red Sea and the Indian Ocean should be kept out of international conflicts and the military presence of the great powers, and that the security of the region lies firstly and lastly in the hands of its peoples. The peoples of the area are capable of confronting all external threats. As for the Iraqi-Iranian war, we look forward to the success of efforts designed to bring the warring parties to the negotiating table, i.e. of the battlefield, to solve all their problems.

EXPERT PROMOTES CAUSE OF PLANNED ECONOMY IN YEMEN

San'a AL-THAWRAH in Arabic 2 Jan 81 pp 3, 7

[Article by Dr Muhammad Lutfi Hassunah of San'a University's College of Commerce: "Planning Yemen's National Economy"]

[Text] In today's world a large number of nations seek to speed up the development of their national economies through planning, the reason being that today's world is unlike that of the 19th century when free enterprise was the predominant mode of economy.

The economic gap between the more industrialized countries and other nations is now wider than ever before, and the desire to plug that gap has become stronger. To achieve in a few years what, in previous times, took a century or more to achieve, new economic and social methods have to be used--methods which the industrial countries did not face in the past. The reason is that these latter countries were the first countries to enter the field of industrialization and therefore did not face competition from other more industrialized nations. Moreover, any incidental competition from industrializing nations began to disappear year after year because the industrial nations not only used economic means to put an end to that competition but also resorted to political means. This, then, is a historical rationale for the need for planning in nations which desire rapid economic progress.

There is a further reason which has a technical and economic nature. The material basis of industrialization is heavy industry with a forward thrust potential as well as potentially innovative heavy industries. But due to technical advancement, the establishment of such industries requires huge capital, far greater than the capital needed for consumer good industries--indeed, several times as many as the capital invested in the same kind of industries a century ago. This means that nations with a weak financial capacity now face greater difficulties and obstacles in their bid to industrialize. It also means that short-term considerations which prevail among investors in the private sector generally impel these investors to maximize their investments in consumer good industries where money circulation is faster and immediate interest is greater. This trend should be brought to an end if basic industries are to grow so as to make rapid industrialization possible. Curbing that trend requires planning.

First of all, I feel that it is necessary to emphasize that the substance of the expression "strong economy planning" or "economic planning" is not confined to

specific projects but is a system of comprehensive planning that covers all aspects of economic development. For example, the preparation and implementation of a project which strictly aims at expanding agricultural production and providing the financial means that would guarantee its success would not be considered economic planning. It would be merely called an agricultural project and not an economic plan. By the same token, a plan only designed to expand industrial production would be an industrial project and not economic planning. The same applies to transportation, commercial and other projects. This is to say that the issues which we will deal with in this essay will basically revolve around the problems which emerge when we seek economic planning that embraces the entire national economy.

It must be added that, to be useful, the economic plan should be the result of an overall, integrated study. This means that the economic plan should be viewed as a unity and not as a collection of parts. In other words, we should not just be satisfied with adding an industrial project to an agricultural one and so forth to put together an economic plan, because the lumping together of single projects would only give us the semblance of an economic plan. The planning of national economy requires the existence of a framework which would pull together all the various sectors of the economy and be fully adjustable so that all sectors can be mutually accommodative. That adaptability should be the result of a systematic study and not left to conjecture. It can be generally said that the best industrial project, viewed on its own, does not have to be adaptable to the best agricultural project, but this can still be achieved nevertheless.

One of the major problems in economic planning is the problem of achieving projects which can be implemented simultaneously and with the same maximized efficiency, from the national economic point of view--that is projects that are nationally feasible at one and the same time. This means that national planning should start with a comprehensive picture to ascertain that the economic society as a whole will grow in an orderly and coordinated manner and at full speed.

The problem of coordination is the most important problem in planning. For without coordination, the plan could not become a practical reality and will remain ink on paper. Assuming that the plan could be implemented without coordination, the results of that implementation will be quite different from original expectations.

Economic planning requires an adequate and in-depth knowledge of the conditions prevailing in the state concerned as well as adequate supervision of all the major arteries of the economic community. Without the latter condition, the theoretical plan would have no results if it were carried out.

The problems which arise from the implementation of an economic plan differ significantly according to different countries and states because of the difference in the social, economic and political systems. Nevertheless, the problems of coordination are generally similar. Therefore we will focus on that kind of problems. We will take as an example the various phases which will have to be followed to prepare the second 5-year plan in Yemen.

The first and most important phase is the phase of preparation for what may be called the planning framework. The planning framework is a document used as a

basis for drawing up realistic economic projects which can then be articulated into a detailed economic plan. The framework can be done in about 6 months. Three methods are used in preparing a planning framework: the used-produced method, the analytical and quantitative method and the method of drawing up projects for an economic plan. I will try to explain each of these methods in brief.

One: The Used-Produced Method.

According to this method, the economic community is divided into as many sectors as may be desired or feasible from a statistical point of view. Once this is done, the overall purchases of each sector on the current and capital accounts over a given period of time are tabulated. Since the purchases of one sector equal the sales of other sectors, the used-produced table can also provide an outline of the cost and demand situations in each sector. This would thus make it possible to detect all the things which would result from changes in any level of activity. This way the increase in the level of demand of or from any field of production, as a result of an initial increase in demand in a certain sector, can be predicted. While these results in and between sectors begin to form together, other secondary results begin to emerge in the family sector at the same time. Thanks to the used-produced method, all the regular effects of any change in the activities of a given sector can be calculated.

The used-produced method does not take into account the obstacles which are imposed on the economic society and which result from the ability of the various sectors to produce through the capital machinery they own at the time. To inject that factor in the picture we have to know the components of the stockpile of fixed assets to examine the double use of the used-produced components and the components of the stockpile of fixed assets in the statistical apparatus. Such a study is helpful in preparing the planning framework for the next 5 years.

Two: The Analytical and Quantitative Method

The method is based on a technological analysis of the necessary capital, the manpower needed and the necessary raw materials for one of the productive units of the major branches of the economy. These interactions can be referred to as "Production and How to Deal with Manpower" and "Production and Technological Concerns." At the same time, the ratios between the capital and the added value in the major branches of the economy should be calculated.

The data in question will provide the principal ingredients for the preparation of the planning framework. To prepare the framework, general objectives which represent desired and attainable goals are drawn up—for example, increasing per capita consumption by 10 percent over a period of 5 years. To that are added the goals of increasing electricity output, steel production and machinery by three folds, as well as other goals in the field of education, health and others.

When these goals have been set forth by using the above percentages, ratios and rates, while at the same time using statements citing productive capabilities and drawing up a general outline of demand, the following can be calculated:

- 1) The amount of investments needed to achieve those goals and the level of parallel activities.
- 2) The level of employment needed for those goals.
- 3) The amount of demand for major raw materials in line with the level of activity.
- 4) The national income generated by that level of activity and the investable part of the income, namely, savings.

These statistics will make it possible to calculate the balance between demand and supply with regard to principal raw materials, the needed investments and investable savings, the needed level of employment and the available manpower. If these do not balance out, then some of the goals will have to be partially modified to establish a balance covering the maximum national income that can be obtained in such circumstances.

Three: The Method of Drawing Up Projects for Economic Plans

The same sets of data used in the previous method can be used here to set up plan projects. But there is a difference in how to achieve an ideal balance. In the analytical and quantitative method we saw that we are trying to reach an ideal solution by just repeating the same thing or by trial and error. However, in this method all the data and statistics are translated into a set of equations. The policymakers then add other equations as optionals and alternatives. This model can then be solved by means of the method of drawing up plan projects. It can only be adopted when an electronic calculator (computer) is used.

It is important to compare the results which can be attained through the use of these three methods. If the results are quite disparate, then the government will have to select one of the three possible frameworks of planning. But if the results are somewhat close, then it becomes necessary to chart out a uniform framework of planning on the basis of these results. Whatever the case may be, once a framework of planning is prepared, the preparation of the plan enters the second phase--the phase of undertaking initial limited projects.

The Second Phase: This is the phase of coordinating these initial projects. The planning framework will show the production of the economic sectors at the end of the 5-year plan and, subsequently, at the end of each year. It will also show the distribution pattern of investment as well as the national income and the pattern of its distribution and uses and shed some light on the desired foreign trade. But the planning framework will not show how many factories and establishments should be built, which technical methods should be used and so forth. These can only be done by those statisticians who are concerned with the specific projects.

To prepare these projects, the central and local implementing agencies should be asked to determine which projects are covered by the attainable goals of the planning framework. These projects should be tailored to attainable capabilities. They should also be interchangeable--that is to say that they would use different means to reach the same goal. This way one can choose from these projects on the basis of economic considerations.

Generally speaking, the projects which are prepared fall into two categories. The category consists of those initial projects which the government or the public

institutions and companies should undertake and which cover a certain percentage of general investments during the second 5-year plan. The second category comprises projects originated by private investments. These are two kinds of projects sustained by private investments:

1--Projects proposed by businessmen for inclusion in the planning framework so that these projects may receive initial approval.

2--Projects proposed and prepared by the various ministries or by representatives of private sector institutions.

All these projects serve to give an initial estimate of the amount of investments needed by the private sector to complete the operations designed for it by the planning framework. In addition to showing the size of investments, the projects will also show the kind of investments needed, the machinery and equipment needed, the degree of employment resulting from the implementation of the projects in the construction and production phases, the time span from when implementation of the project began and when production began, and the amount of major raw materials needed in both phases.

The Third Phase: This is the phase of preparing the first plan in detail. During that phase all initial projects are studied to determine whether they are coordinated and can be implemented simultaneously. Furthermore, to achieve ideal planning, a choice has to be made from among alternate projects.

During this phase, the planning machinery should work in close cooperation with the various ministries, the governorates and the implementing agencies to discuss with them whether some of these projects eventually have to be modified if it became apparent that it would be difficult to incorporate these projects in the plan without some modifications. In some cases, one can adopt the method of trial and error or the method of plan projects.

At the end of such work, the drawing up of projects should be completed and the success of the plan should be tested by balancing out its various components to verify that each type of demand checks out with each type of supply. A balance sheet of the manpower should be prepared to carry out the tasks assigned to it. This means that an educational, scientific and technical program as well as a vocational program has to be incorporated in the plan.

At the same time, the first plan will seek to solve all the significant problems pertaining to the time table, that is to say the time at which each single project should start and when it should be completed. The importance of exact timing should not be underestimated, because if the implementation of many projects began at the same time, there would arise a deficit in raw materials which would in turn result in inflation. On the other hand, many projects are interdependent, so that imprecise timing will engender a situation in which the new production capabilities will remain inoperative, with the result that the returns will be less than the overall amount of investment. The right timing can make the returns far exceed total investment. This fact is extremely important in the capital-pooling process.

The first plan should also solve the problem of the most ideal location or site, for that would lead in the long run to the greatest increase in the national income. This too is a problem which should be carefully examined, for it has been observed

that the most favorable location differs according to different interrelated projects. When one wants to start a new project, he should choose its location according to certain circumstances that are beyond his control, such as finding a market for his products and easy means of transportation. Normally, that person would not be able to adjust these conditions. That is why some cities expand in an unreasonable manner from the point of view of the economy. Some of these conditions, however, can be controlled through planning. For example, it would be possible to establish new towns, thereby creating new local markets. New means of transportation and new establishments and projects can also be created and that would also tend to establish new local markets. Moreover, new transportation routes can be established and new projects and establishments can be created along these routes, which would thus create ideal conditions.

This kind of problem, that is the problems which involve the establishment of many new towns, should be dealt with in the first plan.

Finally, the plan should include organizational criteria and approval of the policy which should be adopted to consummate the plan.

Completion of the Plan

All this should be completed approximately in June 1981. At that time, the plan should be presented to the official political circles and debated at the various levels. This phase is normally expected to last between 6 and 7 months. During that time, the final projects would be prepared so that the plan would be approximately completed in December 1981. The second 5-year plan actually begins in July 1981. But the first year of the second 5-year plan would involve the implementation of an expanded 1-year or annual plan within the planning framework. Then as of January (1981) or July 1982, a yearly plan would be prepared on the basis of the 5-year plan that has been adopted. To prepare that yearly plan, the same method used in the 5-year plan would also be used. But it is expected that the preparation of that plan would be easy because all the necessary data will be available and because the general framework of action regarding the yearly plan will be actually drawn from the 5-year plan itself.

Evidently enough, the preparation of a yearly plan is quite important because it is always possible to take into account the experience gained from the past and the present and modify the annual goals to make them consistent with the present results. Ultimately, some parts of the 5-year plan itself would have to be modified in the light of experience. Clearly then the planning framework should have a certain degree of flexibility.

At this point in our analysis, I believe that we should first try to summarize the problems which planning should try to solve, then try to underline briefly the basic problems that could emerge during implementation.

Basic Problems Involved in the Phase of Plan Coordination

When the plan is being worked out, the problem of demand emerges as the basic problem in planning, since one needs to create and find new demand as well as new means to satisfy new production demands. Without creating demand for the products

of these new means of production, they will remain inactive, which means that a segment of the investment outlay will not participate in production or in increasing the national income. Subsequently, this would lessen the ratio of income to capital in the national economy. Economic planning should seek to maximize that ratio while avoiding inflation at the same time.

An important point should be raised here, namely, that in an uncontrolled economy new industries emerge when there is a demand for their products or if the emergence of such demand in the near future can be predicted. But in a controlled economy, it is quite the opposite. It would be possible to take into account all the kinds of demand that would be created by the implementation of several projects. That means that through proper planning, supply and demand can be developed or increased at the same speed and without leaving any time lapse between them. That way the degree of development can be substantially increased.

Another important aspect of the problem pertains to dividing investments between the production of consumer goods and the production of capital goods. We find that it is possible, in the short run, to obtain higher returns as a result of investment in the production of consumer goods. But by their very nature, consumer goods do not contribute to any increase in the national income, since the function of these goods is to be consumed. On the other hand, investment in capital goods industries, even though it might produce lower returns in the short run, would contribute continuously to increasing the national income, because returns from investment in capital goods can be utilized to produce more goods through new investments. Individual investors are not interested in long-term results, but from a planning point of view, it is quite important to earmark a larger percentage of investments for capital goods industries so that such investments may speed up the growth of the economy by expanding the real base of investment.

Thus it can be said that the basic problem which faces us in the plan coordination phase is that of increasing the degree of growth in the economy. As I have said earlier, such a problem can be solved through the full utilization of the available production resources by means of increasing demand and taking possible long-term considerations into account--from the national economy's point of view--when controlling and channelling investments.

We have talked so far about problems involved in projects that related to the plan preparation phase and not about projects that pertain to the implementation of the plan. As we have said, the reason for that is that problems relating to the preparation of the plan are identifiable--relatively, at least--in each state. However, it may be useful to make some general remarks at this point.

Some Problems Relating to Implementation

It is often said that for the sake of increasing the national economy's rate of progress, consumption has to be reduced. This statement is not true, generally speaking. In fact, the opposite is true. The realization of a higher rate of economic development in its early stages would raise the level of consumption. What is subject to decrease is that segment of the economy which is geared toward consumption.

An important point to be made here is that it is possible to achieve a relatively substantial level of increase in production, as well as in the national economy, from the start without having to invest excessive amounts of money. This can be done through the wider use of inactive resources, such as the use of unemployed or underproductive workers and the use of unutilized productive forces.

This can be accomplished by increasing internal demand and taking the necessary organizational measures and steps. Expansion in the capital goods industries through the employment of workers on a wider scale and a higher level would result in greater demand for consumer goods. This demand can be met by expanding the use of available machinery and facilities. National income increases generated by expanding the consumer goods industries and increasing capital goods provide a financial basis for increasing investment funds. In other words, one of the most important steps that should be taken in that regard is not to increase immediately the percentage of invested funds, but attend to the task of distributing such funds between consumer goods and capital goods by maximizing investments in the latter as much as possible.

This would lead to many practical problems, however, for it is not easy to adjust sudden, automatic trends which motivate the investment habits of people. It seems to us that such adjustments cannot be made on a wide scale except through the expansion of the public sector and assigning priority to investment in capital industries within the public sector.

As I have pointed out earlier, the public sector should be developed at a greater speed than the rate of developing the private sector, but larger investments should be made in the former than the latter. This is necessary to the rapid development of the Yemeni economy and the expansion of basic industries which capital holders in the private sector are unwilling to expand at a reasonable rate. On the other hand, such action should be determined in the light of the Yemeni government's policies and objectives in the national economic area.

To carry out this investment policy, the Yemeni government needs substantial financial resources. It is not possible at this stage to present a detailed picture about the source of such funds. Some could come from budgetary surpluses, if any. Perhaps such surpluses should be increased by adopting a new financial policy. Another source of funds would be credits and aid. From this point of view, the present and future situation looks to be satisfactory. Finally, some of the necessary financial resources can be obtained through expanding the possibilities of getting loans and financing the budget deficit. This can be easily done if the increase in supply is commensurate with the increase in demand.

I believe that the experience of the first 5 years has demonstrated that the process of investment in the public sector was not hindered by the unavailability of funds, but that the major difficulties were due to organizational aspects resulting from failure to prepare detailed projects at the proper time. This being the case, it is quite important that, in the second 5-year plan, the major projects should be prepared when the plan itself is being prepared, so that it would be possible to expand the scope of basic industries in line with the plan.

The expansion of the basic industries in the public sector and the funds invested in that sector would generate greater demand for the products of the private

sector, which would tempt those involved in the private sector to expand. The problem, however, is to make sure that such an expansion in the private sector would be in accord with the plan.

There are several methods of implementation. The first is that the government, by virtue of its control of the credit policy, can impose a certain kind of control on expansion in the private sector, by refusing to allow the offering of new stocks in the stock market for new investments. This way the government can prevent the growth of certain areas of production, because the plan does not take them into account at the present time.

This occurs when capital holders apply for loans or if they have to turn to the stock market to secure such loans. In other cases, the situation requires different measures. The most important step which the government should take is to fully control the distribution of certain capital goods. This should go hand in hand with the imposition of certain restrictions on the importation of machinery as well as efforts to produce machinery and designate tasks in the public sector. This would reinforce the government's control of most of the funds invested in the private sector.

Whatever the case may be, all such restrictions are negative, since they can prevent the investment of capital. But they do not tempt capital holders in the private industry to invest in projects approved by the plan.

At any rate, if expansion in the public sector led to conditions in which demand will continue as well as increase and which do not contain elements that would expose them to setbacks, it is expected that this would tempt the private sector to invest in projects included in the plan. But the existence of monopoly in certain areas of production can dash these hopes--in which case other measures would have to be taken.

But, even if the private sector fulfilled the purposes of the plan in the best manner possible, there would still be other problems which have to be solved. Production methods should follow definite principles so that a shortage in raw materials may be avoided. Furthermore, the sites and locations of projects should be satisfactory from the national economy's point of view, and the levels of prices and wages should adhere to a certain pattern. And in order to solve these problems in a proper and sound way, it is advisable to levy sale taxes at varying rates as well as taxes on production and invested funds, at varying rates too. The activities of the public sector should also be expanded into new areas and functions, such as the establishment of a governmental banking system and a governmental commercial system in certain fields, or expanding any such existing facilities.

In my view, this is the kind of solution which should be adopted in order to face the problems resulting from the phase of plan implementation.

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